

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the Quarter Ended May 2, 2015**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from to**

Commission File No. 1-3083

Genesco Inc.

(Exact name of registrant as specified in its charter)

Tennessee

(State or other jurisdiction of
incorporation or organization)

62-0211340

(I.R.S. Employer
Identification No.)

**Genesco Park, 1415 Murfreesboro Road
Nashville, Tennessee**

(Address of principal executive offices)

37217-2895

(Zip Code)

Registrant's telephone number, including area code: (615) 367-7000

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 and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

As of May 29, 2015, 24,041,301 shares of the registrant's common stock were outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Genesco Inc.

and Subsidiaries

Condensed Consolidated Balance Sheets

(In Thousands, except share amounts)

Assets	May 2, 2015	January 31, 2015	May 3, 2014
<i>Current Assets:</i>			
Cash and cash equivalents	\$ 89,886	\$ 112,867	\$ 71,882
Accounts receivable, net of allowances of \$4,669 at May 2, 2015, \$4,191 at January 31, 2015 and \$4,276 at May 3, 2014	60,498	55,263	53,746
Inventories	636,830	598,145	587,245
Deferred income taxes	28,866	28,293	23,401
Prepays and other current assets	57,621	53,090	59,511
Total current assets	873,701	847,658	795,785
<i>Property and equipment:</i>			
Land	8,237	7,653	6,202
Buildings and building equipment	33,061	32,872	20,536
Computer hardware, software and equipment	165,396	164,512	136,862
Furniture and fixtures	194,407	192,078	179,539
Construction in progress	39,134	25,587	34,815
Improvements to leased property	348,715	349,087	338,492
Property and equipment, at cost	788,950	771,789	716,446
Accumulated depreciation	(478,308)	(466,037)	(435,474)
Property and equipment, net	310,642	305,752	280,972
Deferred income taxes	31	31	4,399
Goodwill	298,795	296,865	290,718
Trademarks, net of accumulated amortization of \$5,266 at May 2, 2015, \$5,054 at January 31, 2015 and \$4,485 at May 3, 2014	82,722	82,263	78,089
Other intangibles, net of accumulated amortization of \$24,081 at May 2, 2015, \$23,389 at January 31, 2015 and \$21,436 at May 3, 2014	11,003	11,585	8,357
Other noncurrent assets	39,174	38,933	24,587
Total Assets	\$ 1,616,068	\$ 1,583,087	\$ 1,482,907

**Genesco Inc.
and Subsidiaries**
Condensed Consolidated Balance Sheets
(In Thousands, except share amounts)

Liabilities and Equity	May 2, 2015	January 31, 2015	May 3, 2014
<i>Current Liabilities:</i>			
Accounts payable	\$ 222,893	\$ 176,307	\$ 171,026
Accrued employee compensation	73,911	88,030	49,680
Accrued other taxes	24,972	33,965	18,295
Accrued income taxes	8,753	12,921	8,516
Current portion – long-term debt	12,000	13,152	7,489
Other accrued liabilities	69,327	71,036	58,223
Provision for discontinued operations	10,537	10,505	7,756
Total current liabilities	422,393	405,916	320,985
Long-term debt	15,750	16,003	25,600
Pension liability	21,910	22,184	8,993
Deferred rent and other long-term liabilities	135,127	135,953	181,067
Provision for discontinued operations	4,230	4,254	4,765
Total liabilities	599,410	584,310	541,410
Commitments and contingent liabilities			
<i>Equity:</i>			
Non-redeemable preferred stock	1,266	1,274	1,299
Common equity:			
Common stock, \$1 par value:			
Authorized: 80,000,000 shares			
Issued/Outstanding:			
May 2, 2015 – 24,532,405/24,043,941			
January 31, 2015 – 24,515,362/24,026,898			
May 3, 2014 – 24,472,182/23,983,718	24,532	24,515	24,472
Additional paid-in capital	212,776	208,888	196,166
Retained earnings	830,441	820,563	748,506
Accumulated other comprehensive loss	(36,218)	(40,576)	(12,940)
Treasury shares, at cost (488,464 shares)	(17,857)	(17,857)	(17,857)
Total Genesco equity	1,014,940	996,807	939,646
Noncontrolling interest – non-redeemable	1,718	1,970	1,851
Total equity	1,016,658	998,777	941,497
Total Liabilities and Equity	\$ 1,616,068	\$ 1,583,087	\$ 1,482,907

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

**Genesco Inc.
and Subsidiaries**
Condensed Consolidated Statements of Operations
(In Thousands, except per share amounts)

	Three Months Ended	
	May 2, 2015	May 3, 2014
Net sales	\$ 660,597	\$ 628,825
Cost of sales	334,264	312,881
Selling and administrative expenses	307,433	293,337
Asset impairments and other, net	2,646	(1,111)
Earnings from operations	16,254	23,718
Interest expense, net:		
Interest expense	660	733
Interest income	(15)	(32)
Total interest expense, net	645	701
Earnings from continuing operations before income taxes	15,609	23,017
Income tax expense	5,664	8,919
Earnings from continuing operations	9,945	14,098
Provision for discontinued operations, net	(67)	(125)
Net Earnings	\$ 9,878	\$ 13,973
Basic earnings per common share:		
Continuing operations	\$ 0.42	\$ 0.60
Discontinued operations	0.00	0.00
Net earnings	<u>\$ 0.42</u>	<u>\$ 0.60</u>
Diluted earnings per common share:		
Continuing operations	\$ 0.42	\$ 0.60
Discontinued operations	0.00	(0.01)
Net earnings	<u>\$ 0.42</u>	<u>\$ 0.59</u>

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

**Genesco Inc.
and Subsidiaries**

Condensed Consolidated Statements of Comprehensive Income
(In Thousands)

	Three Months Ended	
	May 2, 2015	May 3, 2014
Net earnings	\$ 9,878	\$ 13,973
Other comprehensive income (loss):		
Pension liability adjustments, net of tax of \$0.5 million and \$0.4 million for the three months ended May 2, 2015 and May 3, 2014, respectively	825	586
Postretirement liability adjustments, net of tax benefit of \$0.3 million for the three months ended May 2, 2015 and \$0.0 million for the three months ended May 3, 2014	(434)	18
Foreign currency translation adjustments	3,967	3,223
Total other comprehensive income	4,358	3,827
Comprehensive income	\$ 14,236	\$ 17,800

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

**Genesco Inc.
and Subsidiaries**
Condensed Consolidated Statements of Cash Flows
(In Thousands)

	Three Months Ended	
	May 2, 2015	May 3, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 9,878	\$ 13,973
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:		
Depreciation and amortization	19,493	17,360
Amortization of deferred note expense and debt discount	172	173
Deferred income taxes	(1,632)	(1,677)
Recoveries on accounts receivable	(51)	(187)
Impairment of long-lived assets	766	824
Restricted stock expense	3,491	3,230
Provision for discontinued operations	111	206
Tax benefit of stock options and restricted stock	(44)	(920)
Other	130	44
Effect on cash from changes in working capital and other assets and liabilities, net of acquisitions:		
Accounts receivable	(5,013)	(794)
Inventories	(36,622)	(18,489)
Prepays and other current assets	(4,274)	(4,830)
Accounts payable	41,192	26,445
Other accrued liabilities	(29,140)	(6,566)
Other assets and liabilities	1,052	3,374
Net cash (used in) provided by operating activities	(491)	32,166
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(24,400)	(19,810)
Proceeds from asset sales	19	149
Net cash used in investing activities	(24,381)	(19,661)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long-term debt	(1,762)	(1,456)
Borrowings under revolving credit facility	—	28,000
Payments on revolving credit facility	—	(28,000)
Tax benefit of stock options and restricted stock	44	920
Change in overdraft balances	4,693	(1,349)
Exercise of stock options	365	1,507
Other	—	(33)
Net cash provided by (used in) financing activities	3,340	(411)
Effect of foreign exchange rate fluctuations on cash	(1,449)	341
Net (Decrease) Increase in Cash and Cash Equivalents	(22,981)	12,435
Cash and cash equivalents at beginning of period	112,867	59,447
Cash and cash equivalents at end of period	\$ 89,886	\$ 71,882
Supplemental Cash Flow Information:		
Net cash paid for:		
Interest	\$ 481	\$ 501
Income taxes	12,570	5,822

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

**Genesco Inc.
and Subsidiaries**
Condensed Consolidated Statements of Equity
(In Thousands)

	Total Non- Redeemable Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Shares	Non Controlling Interest Non-Redeemable	Total Equity
Balance February 1, 2014	\$ 1,305	\$ 24,408	\$ 190,568	\$ 734,533	\$ (16,767)	\$ (17,857)	\$ 1,933	\$ 918,123
Net earnings	—	—	—	97,725	—	—	—	97,725
Other comprehensive loss	—	—	—	—	(23,809)	—	—	(23,809)
Exercise of stock options	—	69	1,749	—	—	—	—	1,818
Issue shares – Employee Stock Purchase Plan	—	3	188	—	—	—	—	191
Employee and non-employee restricted stock	—	—	13,392	—	—	—	—	13,392
Restricted stock issuance	—	202	(202)	—	—	—	—	—
Restricted shares withheld for taxes	—	(88)	88	(7,125)	—	—	—	(7,125)
Tax benefit of stock options and restricted stock exercised	—	—	3,061	—	—	—	—	3,061
Shares repurchased	—	(65)	—	(4,570)	—	—	—	(4,635)
Other	(31)	(14)	44	—	—	—	—	(1)
Noncontrolling interest – gain	—	—	—	—	—	—	37	37
Balance January 31, 2015	1,274	24,515	208,888	820,563	(40,576)	(17,857)	1,970	998,777
Net earnings	—	—	—	9,878	—	—	—	9,878
Other comprehensive income	—	—	—	—	4,358	—	—	4,358
Exercise of stock options	—	10	355	—	—	—	—	365
Employee and non-employee restricted stock	—	—	3,491	—	—	—	—	3,491
Restricted stock issuance	—	7	(7)	—	—	—	—	—
Tax benefit of stock options and restricted stock exercised	—	—	41	—	—	—	—	41
Other	(8)	—	8	—	—	—	—	—
Noncontrolling interest – loss	—	—	—	—	—	—	(252)	(252)
Balance May 2, 2015	\$ 1,266	\$ 24,532	\$ 212,776	\$ 830,441	\$ (36,218)	\$ (17,857)	\$ 1,718	\$ 1,016,658

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Note 1
Summary of Significant Accounting Policies

Interim Statements

The Condensed Consolidated Financial Statements and Notes contained in this report are unaudited but reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the results for the interim periods of the fiscal year ending January 30, 2016 ("Fiscal 2016") and of the fiscal year ended January 31, 2015 ("Fiscal 2015"). The results of operations for any interim period are not necessarily indicative of results for the full year. The interim financial statements should be read in conjunction with the financial statements and notes thereto included in Genesco Inc.'s Annual Report on Form 10-K.

Nature of Operations

Genesco Inc. and its subsidiaries (collectively, the "Company") business includes the design and sourcing, marketing and distribution of footwear and accessories through retail stores in the U.S., Puerto Rico and Canada primarily under the Journeys, Journeys Kidz, Shi by Journeys, Underground by Journeys and Johnston & Murphy banners and under the Schuh banner in the United Kingdom and the Republic of Ireland; through e-commerce websites including journeys.com, journeyskidz.com, shibyjournneys.com, schuh.co.uk, johnstonmurphy.com and trask.com and catalogs, and at wholesale, primarily under the Company's Johnston & Murphy brand, the Trask brand, the licensed Dockers brand and other brands that the Company licenses for footwear, and the Company's SureGrip® line of slip-resistant, occupational footwear. The Company's business also includes Lids Sports Group, which operates headwear and accessory stores in the U.S. and Canada primarily under the Lids banner; the Lids Locker Room and Lids Clubhouse businesses, consisting of sports-oriented fan shops featuring a broad array of licensed merchandise such as apparel, hats and accessories, sports decor and novelty products, operating under various trade names; licensed team merchandise departments in Macy's department stores operated under the name of Locker Room by Lids and on macys.com, under a license agreement with Macy's; certain e-commerce operations including lids.com, lids.ca, lidslockerroom.com and lidsclubhouse.com; and an athletic team dealer business operating as Lids Team Sports. Including both the footwear businesses and the Lids Sports Group business, at May 2, 2015, the Company operated 2,805 retail stores and leased departments in the U.S., Puerto Rico, Canada, the United Kingdom and the Republic of Ireland.

During the three months ended May 2, 2015 and May 3, 2014, the Company operated five reportable business segments (not including corporate): (i) Journeys Group, comprised of the Journeys, Journeys Kidz, Shi by Journeys and Underground by Journeys retail footwear chains, e-commerce operations and catalog; (ii) Schuh Group, comprised of the Schuh retail footwear chain and e-commerce operations; (iii) Lids Sports Group, comprised as described in the preceding paragraph; (iv) Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, e-commerce and catalog operations and wholesale distribution of products under the Johnston & Murphy and Trask brands; and (v) Licensed Brands, comprised of Dockers® Footwear, sourced and marketed under a license from Levi Strauss & Company; SureGrip® Footwear, occupational footwear primarily sold directly to consumers; and other brands.

Note 1
Summary of Significant Accounting Policies, Continued

Principles of Consolidation

All subsidiaries are consolidated in the Condensed Consolidated Financial Statements. All significant intercompany transactions and accounts have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at 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.

Significant areas requiring management estimates or judgments include the following key financial areas:

Inventory Valuation

The Company values its inventories at the lower of cost or market.

In its footwear wholesale operations, its Schuh Group segment and its Lids Sports Group wholesale operations, except for the Anaconda Sports wholesale division, cost is determined using the first-in, first-out method. Market value is determined using a system of analysis which evaluates inventory at the stock number level based on factors such as inventory turn, average selling price, inventory level, and selling prices reflected in future orders. The Company provides reserves when the inventory has not been marked down to market value based on current selling prices or when the inventory is not turning and is not expected to turn at levels satisfactory to the Company.

The Lids Sports Group retail segment and its Anaconda Sports wholesale division employ the moving average cost method for valuing inventories and apply freight using an allocation method.

The Company provides a valuation allowance for slow-moving inventory based on negative margins and estimated shrink based on historical experience and specific analysis, where appropriate.

In its retail operations, other than the Schuh Group and Lids Sports Group retail segments, the Company employs the retail inventory method, applying average cost-to-retail ratios to the retail value of inventories. Under the retail inventory method, valuing inventory at the lower of cost or market is achieved as markdowns are taken or accrued as a reduction of the retail value of inventories.

Inherent in the retail inventory method are subjective judgments and estimates, including merchandise mark-on, markups, markdowns, and shrinkage. These judgments and estimates, coupled with the fact that the retail inventory method is an averaging process, could produce a range of cost figures. To reduce the risk of inaccuracy and to ensure consistent presentation, the Company employs the retail inventory method in multiple subclasses of inventory with similar gross margins, and analyzes markdown requirements at the stock number level based on factors such as inventory turn, average selling price, and inventory age. In addition, the Company accrues

Note 1
Summary of Significant Accounting Policies, Continued

markdowns as necessary. These additional markdown accruals reflect all of the above factors as well as current agreements to return products to vendors and vendor agreements to provide markdown support. In addition to markdown provisions, the Company maintains provisions for shrinkage and damaged goods based on historical rates.

Inherent in the analysis of both wholesale and retail inventory valuation are subjective judgments about current market conditions, fashion trends, and overall economic conditions. Failure to make appropriate conclusions regarding these factors may result in an overstatement or understatement of inventory value.

Impairment of Long-Lived Assets

The Company periodically assesses the realizability of its long-lived assets, other than goodwill, and evaluates such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Asset impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. Inherent in the analysis of impairment are subjective judgments about future cash flows. Failure to make appropriate conclusions regarding these judgments may result in an overstatement or understatement of the value of long-lived assets. See also Notes 3 and 5.

The goodwill impairment test involves performing a qualitative assessment, on a reporting unit level, based on current circumstances. If the results of the qualitative assessment indicate that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, a two-step impairment test will not be performed. However, if the results of the qualitative assessment indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a two-step impairment test is performed. Alternatively, the Company may elect to bypass the qualitative assessment and proceed directly to the two-step impairment test, on a reporting unit level basis. The first step is a comparison of the fair value and carrying value of the business unit with which the goodwill is associated. The Company estimates fair value using the best information available, and computes the fair value derived by an income approach utilizing discounted cash flow projections. The income approach uses a projection of a reporting unit's estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions. A key assumption in the Company's fair value estimate is the weighted average cost of capital utilized for discounting its cash flow projections in its income approach. The Company believes the rate it used in its latest annual test, which was completed in the prior year fourth quarter, was consistent with the risks inherent in its business and with industry discount rates. The projection uses management's best estimates of economic and market conditions over the projected period including growth rates in sales, costs, estimates of future expected changes in operating margins and cash expenditures.

Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements.

Note 1
Summary of Significant Accounting Policies, Continued

If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of impairment loss. The amount of impairment is determined by comparing the implied fair value of reporting unit goodwill to the carrying value of the goodwill in the same manner as if the reporting unit was being acquired in a business combination. Specifically, the Company would allocate the fair value of the reporting unit to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, the Company would record an impairment charge for the difference.

Environmental and Other Contingencies

The Company is subject to certain loss contingencies related to environmental proceedings and other legal matters. The Company has made pretax accruals for certain of these contingencies, including approximately \$0.1 million and \$0.2 million for the first quarter of Fiscal 2016 and 2015, respectively. These charges are included in provision for discontinued operations, net in the Condensed Consolidated Statements of Operations because they relate to former facilities operated by the Company. The Company monitors these matters on an ongoing basis and, on a quarterly basis, management reviews the Company's reserves and accruals, adjusting provisions as management deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a best estimate of probable loss connected to the proceeding, or in cases in which no best estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. However, because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, there can be no assurance that future developments will not require additional reserves, that some or all reserves will be adequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company's financial condition, cash flows, or results of operations. See also Notes 3 and 8.

Revenue Recognition

Retail sales are recorded at the point of sale and are net of estimated returns and exclude sales and value added taxes. Catalog and internet sales are recorded at estimated time of delivery to the customer and are net of estimated returns and exclude sales and value added taxes. Wholesale revenue is recorded net of estimated returns and allowances for markdowns, damages and miscellaneous claims when the related goods have been shipped and legal title has passed to the customer. Shipping and handling costs charged to customers are included in net sales. Estimated returns are based on historical returns and claims. Historically, actual amounts of markdowns have not differed materially from estimates. Actual returns and claims in any future period may differ from historical experience.

Note 1
Summary of Significant Accounting Policies, Continued

Income Taxes

As part of the process of preparing the Condensed Consolidated Financial Statements, the Company is required to estimate its income taxes in each of the tax jurisdictions in which it operates. This process involves estimating current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes, such as depreciation of property and equipment and valuation of inventories. These temporary differences result in deferred tax assets and liabilities, which are included within the Condensed Consolidated Balance Sheets. The Company then assesses the likelihood that its deferred tax assets will be recovered from future taxable income or other sources. Actual results could differ from this assessment if adequate taxable income is not generated in future periods. To the extent the Company believes that recovery of an asset is at risk, valuation allowances are established. To the extent valuation allowances are established or increased in a period, the Company includes an expense within the tax provision in the Condensed Consolidated Statements of Operations. These deferred tax valuation allowances may be released in future years when management considers that it is more likely than not that some portion or all of the deferred tax assets will be realized. In making such a determination, management will need to periodically evaluate whether or not all available evidence, such as future taxable income and reversal of temporary differences, tax planning strategies, and recent results of operations, provides sufficient positive evidence to offset any potential negative evidence that may exist at such time. In the event the deferred tax valuation allowance is released, the Company would record an income tax benefit for the portion or all of the deferred tax valuation allowance released. At May 2, 2015, the Company had a deferred tax valuation allowance of \$4.5 million.

Income tax reserves for uncertain tax positions are determined using the methodology required by the Income Tax Topic of the Accounting Standards Codification ("Codification"). This methodology requires companies to assess each income tax position taken using a two step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If the Company's determinations and estimates prove to be inaccurate, the resulting adjustments could be material to its future financial results.

The Company recorded an effective income tax rate of 36.3% in the first quarter of Fiscal 2016 compared to 38.7% for the same period last year. The lower tax rate in Fiscal 2016 reflects expectations of increased earnings in lower tax jurisdictions driven by expectations of increased earnings at Schuh due to no contingent bonus accruals and reduced deferred purchase price expense this year versus last year.

Note 1
Summary of Significant Accounting Policies, Continued

Postretirement Benefits Plan Accounting

Full-time employees who had at least 1000 hours of service in calendar year 2004, except employees in the Lids Sports Group and Schuh Group segments, are covered by a defined benefit pension plan. The Company froze the defined benefit pension plan effective January 1, 2005. The Company also provides certain former employees with medical and life insurance benefits. The Company funds at least the minimum amount required by the Employee Retirement Income Security Act.

As required by the Compensation – Retirement Benefits Topic of the Codification, the Company is required to recognize the overfunded or underfunded status of postretirement benefit plans as an asset or liability in its Condensed Consolidated Balance Sheets and to recognize changes in that funded status in accumulated other comprehensive loss, net of tax, in the year in which the changes occur.

The Company recognizes pension expense on an accrual basis over employees' approximate service periods. The calculation of pension expense and the corresponding liability requires the use of a number of critical assumptions, including the expected long-term rate of return on plan assets and the assumed discount rate, as well as the recognition of actuarial gains and losses. Changes in these assumptions can result in different expense and liability amounts, and future actual experience can differ from these assumptions.

The Company utilizes a calculated value of assets, which is an averaging method that recognizes changes in the fair values of assets over a period of five years. Accounting principles generally accepted in the United States require that the Company recognize a portion of these losses when they exceed a calculated threshold. These losses might be recognized as a component of pension expense in future years and would be amortized over the average future service of employees, which is currently approximately six years.

Cash and Cash Equivalents

The Company had total available cash and cash equivalents of \$89.9 million, \$112.9 million and \$71.9 million as of May 2, 2015, January 31, 2015 and May 3, 2014, respectively, of which approximately \$4.2 million, \$25.2 million and \$17.6 million was held by the Company's foreign subsidiaries as of May 2, 2015, January 31, 2015 and May 3, 2014, respectively. The Company's strategic plan does not require the repatriation of foreign cash in order to fund its operations in the U.S., and it is the Company's current intention to permanently reinvest its foreign cash and cash equivalents outside of the U.S. If the Company were to repatriate foreign cash to the U.S., it would be required to accrue and pay U.S. taxes in accordance with applicable U.S. tax rules and regulations as a result of the repatriation. There were no cash equivalents included in cash and cash equivalents at May 2, 2015, January 31, 2015 and May 3, 2014. Cash equivalents are highly-liquid financial instruments having an original maturity of three months or less.

At May 2, 2015, substantially all of the Company's domestic cash was invested in deposit accounts at FDIC-insured banks. The majority of payments due from banks for domestic customer credit

Note 1

Summary of Significant Accounting Policies, Continued

card transactions process within 24 - 48 hours and are accordingly classified as cash and cash equivalents in the Condensed Consolidated Balance Sheets.

At May 2, 2015, January 31, 2015 and May 3, 2014, outstanding checks drawn on zero-balance accounts at certain domestic banks exceeded book cash balances at those banks by approximately \$50.3 million, \$45.6 million and \$40.8 million, respectively. These amounts are included in accounts payable in the Condensed Consolidated Balance Sheets.

Concentration of Credit Risk and Allowances on Accounts Receivable

The Company's footwear wholesale businesses sell primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Customer credit risk is affected by conditions or occurrences within the economy and the retail industry as well as by customer specific factors. The Company's Lids Team Sports wholesale business sells primarily to colleges and high school athletic teams and their fan bases. Including both footwear wholesale and Lids Team Sports wholesale business receivables, one customer accounted for 7% and two customers each accounted for 6% of the Company's total trade receivables balance, while no other customer accounted for more than 5% of the Company's total trade receivables balance as of May 2, 2015.

The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information, as well as customer-specific factors. The Company also establishes allowances for sales returns, customer deductions and co-op advertising based on specific circumstances, historical trends and projected probable outcomes.

Property and Equipment

Property and equipment are recorded at cost and depreciated or amortized over the estimated useful life of related assets. Depreciation and amortization expense are computed principally by the straight-line method over the following estimated useful lives:

Buildings and building equipment	20-45 years
Computer hardware, software and equipment	3-10 years
Furniture and fixtures	10 years

Depreciation expense related to property and equipment was approximately \$18.8 million and \$16.6 million for the three months ended May 2, 2015 and May 3, 2014, respectively.

Leases

Leasehold improvements and properties under capital leases are amortized on the straight-line method over the shorter of their useful lives or their related lease terms and the charge to earnings is included in selling and administrative expenses in the Condensed Consolidated Statements of Operations.

Note 1
Summary of Significant Accounting Policies, Continued

Certain leases include rent increases during the initial lease term. For these leases, the Company recognizes the related rental expense on a straight-line basis over the term of the lease (which includes any rent holidays and the pre-opening period of construction, renovation, fixturing and merchandise placement) and records the difference between the amounts charged to operations and amounts paid as deferred rent.

The Company occasionally receives reimbursements from landlords to be used towards construction of the store the Company intends to lease. Leasehold improvements are recorded at their gross costs including items reimbursed by landlords. The reimbursements are amortized as a reduction of rent expense over the initial lease term. Tenant allowances of \$23.2 million, \$23.5 million and \$23.8 million at May 2, 2015, January 31, 2015 and May 3, 2014, respectively, and deferred rent of \$46.0 million, \$45.0 million and \$42.9 million at May 2, 2015, January 31, 2015 and May 3, 2014, respectively, are included in deferred rent and other long-term liabilities on the Condensed Consolidated Balance Sheets.

Acquisition

Acquisitions are accounted for using the Business Combinations Topic of the Codification. The total purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values at acquisition.

Goodwill and Other Intangibles

Under the provisions of the Intangibles – Goodwill and Other Topic of the Codification, goodwill and intangible assets with indefinite lives are not amortized, but are tested at least annually for impairment. The Company will update the tests between annual tests if events or circumstances occur that would more likely than not reduce the fair value of the business unit with which the goodwill is associated below its carrying amount. It is also required that intangible assets with finite lives be amortized over their respective lives to their estimated residual values and reviewed for impairment in accordance with the Property, Plant and Equipment Topic of the Codification.

Intangible assets of the Company with indefinite lives are primarily goodwill and identifiable trademarks, net of amortization, acquired in connection with the acquisition of Schuh Group Ltd. in June 2011 and Hat World Corporation in April 2004 and various other small acquisitions. The Condensed Consolidated Balance Sheets include goodwill of \$200.7 million for the Lids Sports Group, \$97.3 million for the Schuh Group and \$0.8 million for Licensed Brands at May 2, 2015, \$200.1 million for the Lids Sports Group, \$96.0 million for the Schuh Group and \$0.8 million for Licensed Brands at January 31, 2015 and \$182.5 million for the Lids Sports Group, \$107.4 million for the Schuh Group and \$0.8 million for Licensed Brands at May 3, 2014. The Company tests for impairment of intangible assets with an indefinite life, relying on a number of factors including operating results, business plans, projected future cash flows and observable market data. The impairment test for identifiable assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying amount. The Company has not had an impairment charge for intangible assets.

Note 1
Summary of Significant Accounting Policies, Continued

In connection with acquisitions, the Company records goodwill on its Condensed Consolidated Balance Sheets. This asset is not amortized but is subject to an impairment assessment at least annually, based on projected future cash flows from the acquired business discounted at a rate commensurate with the risk the Company considers to be inherent in its current business model. The Company performs the impairment test annually as of the close of its fiscal year, or more frequently if events or circumstances indicate that the value of the asset might be impaired.

As a result of the various acquisitions comprising the Lids Team Sports team dealer business, the Company carries goodwill related to such acquisitions at a value of \$18.0 million on its Condensed Consolidated Balance Sheets related to such acquisitions. The Company found that the result of its annual impairment test, which valued the business at approximately \$2.2 million in excess of its carrying value, indicated no impairment at that time. The Company may determine in future impairment tests that some or all of the carrying value of the goodwill may not be recoverable. Such a finding would require a write-off of the amount of the carrying value that is impaired, which would reduce the Company's profitability in the period of the impairment charge. Holding all other assumptions constant as of the measurement date, the Company noted that an increase in the weighted average cost of capital of 100 basis points would reduce the fair value of the Lids Team Sports business by \$7.5 million. Furthermore, the Company noted that a decrease in projected annual revenue growth by one percent would reduce the fair value of the Lids Team Sports business by \$0.5 million. However, if other assumptions do not remain constant, the fair value of the Lids Team Sports business may decrease by a greater amount.

Identifiable intangible assets of the Company with finite lives are trademarks, customer lists, in-place leases, non-compete agreements and a vendor contract. They are subject to amortization based upon their estimated useful lives. Finite-lived intangible assets are evaluated for impairment using a process similar to that used to evaluate other definite-lived long-lived assets, a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss is recognized for the amount by which the carrying value exceeds the fair value of the asset.

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments at May 2, 2015 and January 31, 2015 are:

<i>Fair Values</i>				
In thousands	May 2, 2015		January 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
U.S. Revolver Borrowings	\$ —	\$ —	\$ —	\$ —
UK Term Loans	27,750	28,138	29,155	29,126

Debt fair values were estimated using a discounted cash flow analysis based on current market interest rates for similar types of financial instruments and would be classified in Level 2 as defined in Note 5.

Note 1
Summary of Significant Accounting Policies, Continued

Carrying amounts reported on the Condensed Consolidated Balance Sheets for cash, cash equivalents, receivables and accounts payable approximate fair value due to the short-term maturity of these instruments.

Cost of Sales

For the Company's retail operations, the cost of sales includes actual product cost, the cost of transportation to the Company's warehouses from suppliers and the cost of transportation from the Company's warehouses to the stores. Additionally, the cost of its distribution facilities allocated to its retail operations is included in cost of sales.

For the Company's wholesale operations, the cost of sales includes the actual product cost and the cost of transportation to the Company's warehouses from suppliers.

Selling and Administrative Expenses

Selling and administrative expenses include all operating costs of the Company excluding (i) those related to the transportation of products from the supplier to the warehouse, (ii) for its retail operations, those related to the transportation of products from the warehouse to the store and (iii)

costs of its distribution facilities which are allocated to its retail operations. Wholesale costs of distribution are included in selling and administrative expenses on the Condensed Consolidated Statements of Operations in the amounts of \$2.4 million and \$2.3 million for the first quarters of Fiscal 2016 and 2015, respectively.

EVA Incentive Plan

Under the Company's EVA Incentive Plan, bonus awards in excess of a specified cap in any one year are retained and paid over three subsequent years, subject to reduction or elimination by deteriorating financial performance and historically were subject to forfeiture if the participant voluntarily resigns from employment with the Company. As a result, the bonus awards were subject to service conditions that resulted in recognition of expense over the period of service by the respective employee. During the first quarter of Fiscal 2015, the Company amended the plan to remove the future service requirement for the payment of the retained bonuses. As a result, the bonus expense that would have been deferred under the previous plan terms is now recognized in the first year of service. The Company recorded a \$5.7 million charge to earnings in the first quarter of Fiscal 2015 in connection with the amendment related to bonus amounts previously deferred to future years.

Gift Cards

The Company has a gift card program that began in calendar year 1999 for its Lids Sports operations and calendar year 2000 for its footwear operations. The gift cards issued to date do not expire. As such, the Company recognizes income when: (i) the gift card is redeemed by the customer; or (ii) the likelihood of the gift card being redeemed by the customer for the purchase of goods in the future is remote and there are no related escheat laws (referred to as "breakage"). The gift card breakage rate is based upon historical redemption patterns and income is recognized for unredeemed gift cards in proportion to those historical redemption patterns.

Note 1
Summary of Significant Accounting Policies, Continued

Gift card breakage is recognized in revenues each period for which financial statements are updated. Gift card breakage recognized as revenue was \$0.2 million for each of the first quarters of Fiscal 2016 and 2015. The Condensed Consolidated Balance Sheets include an accrued liability for gift cards of \$14.7 million, \$15.8 million and \$13.1 million at May 2, 2015, January 31, 2015 and May 3, 2014, respectively.

Buying, Merchandising and Occupancy Costs

The Company records buying, merchandising and occupancy costs in selling and administrative expense on the Condensed Consolidated Statements of Operations. Because the Company does not include these costs in cost of sales, the Company's gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin. Retail store occupancy costs recorded in selling and administrative expense were \$105.9 million and \$100.8 million for the first quarters of Fiscal 2016 and 2015, respectively.

Shipping and Handling Costs

Shipping and handling costs related to inventory purchased from suppliers are included in the cost of inventory and are charged to cost of sales in the period that the inventory is sold. All other shipping and handling costs are charged to cost of sales in the period incurred except for wholesale and unallocated retail costs of distribution, which are included in selling and administrative expenses on the Condensed Consolidated Statements of Operations.

Preopening Costs

Costs associated with the opening of new stores are expensed as incurred, and are included in selling and administrative expenses on the accompanying Condensed Consolidated Statements of Operations.

Store Closings and Exit Costs

From time to time, the Company makes strategic decisions to close stores or exit locations or activities. Under the provisions of the new Property, Plant, and Equipment Topic of the Codification, which the Company adopted in the first quarter of Fiscal 2015, the definition of a discontinued operation was amended. A discontinued operation may include a component of an entity or a group of components of an entity that represent a strategic shift that has or will have a major effect on an entity's operation or financial results. If stores or operating activities to be closed or exited constitute a component or group of components that represent a strategic shift in the Company's operations, these closures will be considered discontinued operations. The results of operations of discontinued operations are presented retroactively, net of tax, as a separate component on the Condensed Consolidated Statements of Operations. In each of the years presented, no store closings have met the discontinued operations criteria.

Assets related to planned store closures or other exit activities are reflected as assets held for sale and recorded at the lower of carrying value or fair value less costs to sell when the required criteria, as defined by the Property, Plant and Equipment Topic of the Codification, are satisfied. Depreciation ceases on the date that the held for sale criteria are met.

Note 1
Summary of Significant Accounting Policies, Continued

Assets related to planned store closures or other exit activities that do not meet the criteria to be classified as held for sale are evaluated for impairment in accordance with the Company's normal impairment policy, but with consideration given to revised estimates of future cash flows. In any event, the remaining depreciable useful lives are evaluated and adjusted as necessary.

Exit costs related to anticipated lease termination costs, severance benefits and other expected charges are accrued for and recognized in accordance with the Exit or Disposal Cost Obligations Topic of the Codification.

Advertising Costs

Advertising costs are predominantly expensed as incurred. Advertising costs were \$17.2 million and \$14.8 million for the first quarters of Fiscal 2016 and 2015, respectively. Direct response advertising costs for catalogs are capitalized in accordance with the Other Assets and Deferred Costs Topic for Capitalized Advertising Costs of the Codification. Such costs are amortized over the estimated future period as revenues are realized from such advertising, not to exceed six months. The Condensed Consolidated Balance Sheets include prepaid assets for direct response advertising costs of \$2.0 million, \$2.3 million and \$2.1 million at May 2, 2015, January 31, 2015 and May 3, 2014, respectively.

Consideration to Resellers

In its wholesale businesses, the Company does not have any written buy-down programs with retailers, but the Company has provided certain retailers with markdown allowances for obsolete and slow moving products that are in the retailer's inventory. The Company estimates these allowances and provides for them as reductions to revenues at the time revenues are recorded. Markdowns are negotiated with retailers and changes are made to the estimates as agreements are reached. Actual amounts for markdowns have not differed materially from estimates.

Cooperative Advertising

Cooperative advertising funds are made available to most of the Company's wholesale footwear customers. In order for retailers to receive reimbursement under such programs, the retailer must meet specified advertising guidelines and provide appropriate documentation of expenses to be reimbursed. The Company's cooperative advertising agreements require that wholesale customers present documentation or other evidence of specific advertisements or display materials used for the Company's products by submitting the actual print advertisements presented in catalogs, newspaper inserts or other advertising circulars, or by permitting physical inspection of displays. Additionally, the Company's cooperative advertising agreements require that the amount of reimbursement requested for such advertising or materials be supported by invoices or other evidence of the actual costs incurred by the retailer. The Company accounts for these cooperative advertising costs as selling and administrative expenses, in accordance with the Revenue Recognition Topic for Customer Payments and Incentives of the Codification.

Note 1
Summary of Significant Accounting Policies, Continued

Cooperative advertising costs recognized in selling and administrative expenses on the Condensed Consolidated Statements of Operations were \$1.0 million for each of the first quarters of Fiscal 2016 and 2015. During the first three months of Fiscal 2016 and 2015, the Company's cooperative advertising reimbursements paid did not exceed the fair value of the benefits received under those agreements.

Vendor Allowances

From time to time, the Company negotiates allowances from its vendors for markdowns taken or expected to be taken. These markdowns are typically negotiated on specific merchandise and for specific amounts. These specific allowances are recognized as a reduction in cost of sales in the period in which the markdowns are taken. Markdown allowances not attached to specific inventory on hand or already sold are applied to concurrent or future purchases from each respective vendor.

The Company receives support from some of its vendors in the form of reimbursements for cooperative advertising and catalog costs for the launch and promotion of certain products. The reimbursements are agreed upon with vendors and represent specific, incremental, identifiable costs incurred by the Company in selling the vendor's specific products. Such costs and the related reimbursements are accumulated and monitored on an individual vendor basis, pursuant to the respective cooperative advertising agreements with vendors. Such cooperative advertising reimbursements are recorded as a reduction of selling and administrative expenses in the same period in which the associated expense is incurred. If the amount of cash consideration received exceeds the costs being reimbursed, such excess amount would be recorded as a reduction of cost of sales.

Vendor reimbursements of cooperative advertising costs recognized as a reduction of selling and administrative expenses were \$1.1 million and \$0.6 million for the first quarters of Fiscal 2016 and 2015, respectively. During the first three months of Fiscal 2016 and 2015, the Company's cooperative advertising reimbursements received were not in excess of the costs incurred.

Earnings Per Common Share

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities to issue common stock were exercised or converted to common stock (see Note 7).

Foreign Currency Translation

The functional currency of the Company's foreign operations is the applicable local currency. The translation of the applicable foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date. Income and expense accounts are translated at monthly average exchange rates. The unearned gains and losses resulting from such translation are included as a separate component of accumulated other comprehensive loss within shareholders' equity. Gains and losses from certain foreign currency transactions are reported as an item of income and resulted in a net loss of \$0.1 million for the first quarter of Fiscal 2016 and a net gain of \$(0.2) million for the first quarter of Fiscal 2015.

Note 1
Summary of Significant Accounting Policies, Continued

Share-Based Compensation

The Company has share-based compensation covering certain members of management and non-employee directors. The Company recognizes compensation expense for share-based payments based on the fair value of the awards as required by the Compensation - Stock Compensation Topic of the Codification. The Company has not granted any stock options since the first quarter of Fiscal 2008.

The fair value of employee restricted stock is determined based on the closing price of the Company's stock on the date of grant. The benefits of tax deductions in excess of recognized compensation expense are reported as a financing cash flow.

Other Comprehensive Income

The Comprehensive Income Topic of the Codification requires, among other things, the Company's pension liability adjustment, postretirement liability adjustment and foreign currency translation adjustments to be included in other comprehensive income net of tax. Accumulated other comprehensive loss at May 2, 2015 consisted of \$22.0 million of cumulative pension liability adjustments, net of tax, a cumulative post-retirement liability adjustment of \$1.9 million, net of tax, and a cumulative foreign currency translation adjustment of \$12.3 million.

The following table summarizes the components of accumulated other comprehensive income for the three months ended May 2, 2015:

	Foreign Currency Translation	Unrecognized Pension/Postretirement Benefit Costs	Total Accumulated Other Comprehensive Income (Loss)
(In thousands)			
Balance January 31, 2015	\$ (16,247)	\$ (24,329)	\$ (40,576)
Other comprehensive income (loss) before reclassifications:			
Foreign currency translation adjustment	2,816	—	2,816
Gain on intra-entity foreign currency transactions (long-term investment nature)	1,151	—	1,151
Net actuarial loss	—	(762)	(762)
Amounts reclassified from AOCI:			
Amortization of net actuarial loss (1)	—	1,405	1,405
Income tax expense	—	252	252
Current period other comprehensive income, net of tax	3,967	391	4,358
Balance May 2, 2015	\$ (12,280)	\$ (23,938)	\$ (36,218)

(1) Amount is included in net periodic benefit cost, which is recorded in selling and administrative expense on the Condensed Consolidated Statements of Operations.

Note 1

Summary of Significant Accounting Policies, Continued

Business Segments

The Segment Reporting Topic of the Codification requires that companies disclose “operating segments” based on the way management disaggregates the Company’s operations for making internal operating decisions (see Note 9).

New Accounting Principles

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". ASU No. 2014-09 amends the guidance for revenue recognition to replace numerous, industry-specific requirements and merges areas under this topic with those of the International Financial Reporting Standards. The ASU implements a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. The amendment also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, however, the FASB proposed a one-year deferral. The amendment is to be applied either retrospectively to each prior reporting period presented or with the cumulative effect recognized at the date of initial adoption as an adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets on the balance sheet). Early adoption is not permitted. The Company is currently assessing the impact the adoption of ASU 2014-09 will have on its Consolidated Financial Statements and related disclosures, including which transition method will be adopted.

Genesco Inc.
and Consolidated Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 2
Intangible Assets

Other intangibles by major classes were as follows:

	Leases		Customer Lists		Other*		Total	
(In Thousands)	May 2, 2015	Jan. 31, 2015	May 2, 2015	Jan. 31, 2015	May 2, 2015	Jan. 31, 2015	May 2, 2015	Jan. 31, 2015
Gross other intangibles	\$ 13,665	\$ 13,616	\$ 18,267	\$ 18,244	\$ 3,152	\$ 3,114	\$ 35,084	\$ 34,974
Accumulated amortization	(12,450)	(12,301)	(9,879)	(9,424)	(1,752)	(1,664)	(24,081)	(23,389)
Net Other Intangibles	\$ 1,215	\$ 1,315	\$ 8,388	\$ 8,820	\$ 1,400	\$ 1,450	\$ 11,003	\$ 11,585

*Includes non-compete agreements, vendor contract and backlog.

The amortization of intangibles, including trademarks, was \$0.7 million for each of the first quarters of Fiscal 2016 and 2015. The amortization of intangibles, including trademarks, is expected to be \$2.9 million, \$2.4 million, \$1.8 million, \$1.5 million and \$0.7 million for Fiscal 2016, 2017, 2018, 2019 and 2020, respectively.

Note 3
Asset Impairments and Other Charges and Discontinued Operations

Asset Impairments and Other Charges

In accordance with Company policy, assets (other than goodwill and intangibles) are determined to be impaired when the revised estimated future cash flows are insufficient to recover the carrying costs. Impairment charges represent the excess of the carrying value over the fair value of those assets.

Asset impairment charges are reflected as a reduction of the net carrying value of property and equipment in the accompanying Condensed Consolidated Balance Sheets, and in asset impairments and other, net in the accompanying Condensed Consolidated Statements of Operations.

The Company recorded pretax charges of \$2.6 million in the first quarter of Fiscal 2016, including a \$1.8 million charge for network intrusion expenses, a \$0.8 million charge for retail store asset impairments and \$0.1 million for other legal matters.

The Company recorded a pretax gain of \$(1.1) million in the first quarter of Fiscal 2015, including a \$(3.2) million gain on a lease termination of a Lids store, partially offset by a \$1.2 million charge for network intrusion expenses and a \$0.8 million charge for retail store asset impairments.

Discontinued Operations

Accrued Provision for Discontinued Operations

In thousands	Facility Shutdown Costs
Balance February 1, 2014	\$ 11,375
Additional provision Fiscal 2015	2,711
Charges and adjustments, net	673
Balance January 31, 2015	14,759
Additional provision Fiscal 2016	111
Charges and adjustments, net	(103)
Balance May 2, 2015*	14,767
Current provision for discontinued operations	10,537
Total Noncurrent Provision for Discontinued Operations	\$ 4,230

*Includes a \$14.1 million environmental provision, including \$10.5 million in current provision for discontinued operations.

Note 4
Inventories

In thousands	May 2, 2015	January 31, 2015
Raw materials	\$ 36,359	\$ 32,941
Wholesale finished goods	49,171	65,785
Retail merchandise	551,300	499,419
Total Inventories	\$ 636,830	\$ 598,145

Note 5
Fair Value

The Fair Value Measurements and Disclosures Topic of the Codification defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles and expands disclosures about fair value measurements. This Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Note 5
Fair Value, Continued

The following table presents the Company's assets (which excludes the Company's pension plan assets) and liabilities measured at fair value on a nonrecurring basis as of May 2, 2015 aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

	Long-Lived Assets Held and Used	Level 1	Level 2	Level 3	Total Losses
Measured as of May 2, 2015	\$ 67	\$ —	\$ —	\$ 67	\$ 766

In accordance with the Property, Plant and Equipment Topic of the Codification, the Company recorded \$0.8 million of impairment charges as a result of the fair value measurement of its long-lived assets held and used on a nonrecurring basis during the three months ended May 2, 2015, respectively. These charges are reflected in asset impairments and other, net on the Condensed Consolidated Statements of Operations.

The Company used a discounted cash flow model to estimate the fair value of these long-lived assets. Discount rate and growth rate assumptions are derived from current economic conditions, expectations of management and projected trends of current operating results. As a result, the Company has determined that the majority of the inputs used to value its long-lived assets held and used are unobservable inputs that fall within Level 3 of the fair value hierarchy.

Note 6
Defined Benefit Pension Plans and Other Benefit Plans

Components of Net Periodic Benefit Cost

In thousands	Pension Benefits		Other Benefits	
	Three Months Ended		Three Months Ended	
	May 2, 2015	May 3, 2014	May 2, 2015	May 3, 2014
Service cost	\$ 113	\$ 112	\$ 210	\$ 136
Interest cost	1,078	1,175	61	61
Expected return on plan assets	(1,449)	(1,518)	—	—
Amortization:				
Losses	1,357	966	48	29
Net amortization	1,357	966	48	29
Net Periodic Benefit Cost	\$ 1,099	\$ 735	\$ 319	\$ 226

There is no cash contribution required for the pension plan in 2015.

**Genesco Inc.
and Consolidated Subsidiaries**
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 7
Earnings Per Share

(In thousands, except per share amounts)	For the Three Months Ended May 2, 2015			For the Three Months Ended May 3, 2014		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Earnings from continuing operations	\$ 9,945			\$ 14,098		
Less: Preferred stock dividends	—			—		
Basic EPS from continuing operations						
Income available to common shareholders	9,945	23,550	<u>\$ 0.42</u>	14,098	23,369	<u>\$ 0.60</u>
Effect of Dilutive Securities from continuing operations						
Dilutive share-based awards		180			277	
Employees' preferred stock ⁽¹⁾		45			46	
Diluted EPS from continuing operations						
Income available to common shareholders plus assumed conversions	\$ 9,945	23,775	\$ 0.42	\$ 14,098	23,692	\$ 0.60

(1) The Company's Employees' Subordinated Convertible Preferred Stock is convertible one for one to the Company's common stock. Because no dividends are paid on this stock, these shares are assumed to be converted in the diluted earnings per share calculations for the first quarters ended May 2, 2015 and May 3, 2014.

The Company did not repurchase any shares of common stock during the three months ended May 2, 2015 or May 3, 2014. The Company repurchased 64,709 shares of common stock during Fiscal 2015 for \$4.6 million. The Company has \$60.9 million remaining under its current \$75.0 million share repurchase authorization.

Note 8
Legal Proceedings

Environmental Matters

New York State Environmental Matters

In August 1997, the New York State Department of Environmental Conservation ("NYSDEC") and the Company entered into a consent order whereby the Company assumed responsibility for conducting a remedial investigation and feasibility study ("RIFS") and implementing an interim remedial measure ("IRM") with regard to the site of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969. The Company undertook the IRM and RIFS voluntarily, without admitting liability or accepting responsibility for any future remediation of the site. The Company has completed the IRM and the RIFS. In the course of preparing the RIFS, the Company identified remedial alternatives with estimated undiscounted costs ranging from \$0.0 million to \$24.0 million, excluding amounts previously expended or provided for by the Company. The United States Environmental Protection Agency ("EPA"), which has assumed primary regulatory responsibility for the site from NYSDEC, issued a Record of Decision (the "2007 ROD") in September 2007. The 2007 ROD requires a remedy of a combination of groundwater extraction and treatment and in-situ chemical oxidation at an estimated present cost of approximately \$10.7 million.

In July 2009, the Company agreed to a Consent Order with the EPA requiring the Company to perform certain remediation actions, operations, maintenance and monitoring at the site. In September 2009, a Consent Judgment embodying the Consent Order was filed in the U.S. District Court for the Eastern District of New York.

In April 2015, the EPA issued a proposal to amend the 2007 ROD by eliminating the separate ground-water extraction and treatment systems and the use of in-situ oxidation from the remedy adopted in the 2007 ROD. The proposal, which is subject to public comment and final approval by the EPA, would continue the operation and maintenance of the existing wellhead treatment systems on wells operated by the Village of Garden City, New York (the "Village").

The Village has additionally asserted that the Company is liable for the costs associated with enhanced treatment required by the impact of the groundwater plume from the site on two public water supply wells, including historical costs ranging from approximately \$1.8 million to in excess of \$2.5 million, and future operation and maintenance costs which the Village estimates at \$126,400 annually while the enhanced treatment continues. On December 14, 2007, the Village filed a complaint against the Company and the owner of the property under the Resource Conservation and Recovery Act ("RCRA"), the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as well as a number of state law theories in the U.S. District Court for the Eastern District of New York, seeking an injunction requiring the defendants to remediate contamination from the site and to establish their liability for future costs that may be incurred in connection with it, which the complaint alleges could exceed \$41 million, undiscounted, over a 70-year period.

The Company has not verified the estimates of either historic or future costs asserted by the Village, but believes that an estimate of future costs based on a 70-year remediation period is unreasonable given the expected remedial period reflected in the EPA's Record of Decision. On May 23, 2008, the Company filed a motion to dismiss the Village's complaint on grounds including applicable statutes of limitation and preemption of certain claims by the NYSDEC's and the EPA's diligent prosecution of remediation. On January 27, 2009, the Court granted the motion to dismiss all counts of the plaintiff's complaint except for

Note 8
Legal Proceedings, Continued

the CERCLA claim and a state law claim for indemnity for costs incurred after November 27, 2000. On September 23, 2009, on a motion for reconsideration by the Village, the Court reinstated the claims for injunctive relief under RCRA and for equitable relief under certain of the state law theories. The Company intends to continue to defend the action if an acceptable settlement agreement cannot be reached.

In April 2015, the Company received from EPA a Notice of Potential Liability and Demand for Costs pursuant to CERCLA regarding the site in Gloversville, New York of a former leather tannery operated by the Company and by other, unrelated parties. The Notice demanded payment of approximately \$2.2 million of response costs claimed by EPA to have been incurred to conduct assessments and removal activities at the site. The Company has requested additional information on the basis for EPA's assertion that the Company is a potentially responsible party with regard to the site and is assessing the claims asserted in the notice. The Company's environmental insurance carrier is providing coverage of the matter subject to a \$500,000 self-insured retention and the other terms and conditions of the insurance policy, subject to a standard reservation of rights.

Whitehall Environmental Matters

The Company has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company's former Volunteer Leather Company facility in Whitehall, Michigan.

In October 2010, the Company and the Michigan Department of Natural Resources and Environment entered into a Consent Decree providing for implementation of a remedial Work Plan for the facility site designed to bring the site into compliance with applicable regulatory standards. The Work Plan's implementation is substantially complete and the Company expects, based on its present understanding of the condition of the site, that its future obligations with respect to the site will be limited to periodic monitoring and that future costs related to the site should not have a material effect on its financial condition or results of operations.

Accrual for Environmental Contingencies

Related to all outstanding environmental contingencies, the Company had accrued \$14.1 million as of May 2, 2015 and January 31, 2015 and accrued \$11.9 million as of May 3, 2014. All such provisions reflect the Company's estimates of the most likely cost (undiscounted, including both current and noncurrent portions) of resolving the contingencies, based on facts and circumstances as of the time they were made. There is no assurance that relevant facts and circumstances will not change, necessitating future changes to the provisions. Such contingent liabilities are included in the liability arising from provision for discontinued operations on the accompanying Condensed Consolidated Balance Sheets because they relate to former facilities operated by the Company. The Company has made pretax accruals for certain of these contingencies, including approximately \$0.1 million and \$0.2 million reflected in the first quarters of Fiscal 2016 and 2015, respectively. These charges are included in provision for discontinued operations, net in the Condensed Consolidated Statements of Operations and represent changes in estimates.

Note 8
Legal Proceedings, Continued

Other Matters

On December 10, 2010, the Company announced that it had suffered a criminal intrusion into the portion of its computer network that processes payments for transactions in certain of its retail stores. Visa, Inc., MasterCard Worldwide and American Express Travel Related Services Company, Inc. asserted claims totaling approximately \$15.6 million in connection with the intrusion and the claims of two of the claimants have been collected by withholding payment card receivables of the Company. In the fourth quarter of Fiscal 2013, the Company recorded a \$15.4 million charge to earnings in connection with the disputed liability. On March 7, 2013, the Company filed an action in the U.S. District Court for the Middle District of Tennessee against Visa U.S.A. Inc., Visa Inc. and Visa International Service Association seeking to recover \$13.3 million in non-compliance fines and issuer reimbursement assessments collected from the Company in connection with the intrusion. The Company does not currently expect any future claims in connection with the intrusion to have a material effect on its financial condition, cash flows, or results of operations.

On May 17, 2013, a former employee filed a putative class and representative action, *Garcia v. Genesco, Inc.*, in the Superior Court of California for the County of Ventura, alleging various claims under the California Labor Code, including failure to provide meal and rest periods, failure to timely pay wages, failure to provide accurate itemized wage statements, and unfair competition and violation of the Private Attorneys' General Act of 2004, and seeking unspecified damages and penalties. On August 30, 2013, the Company removed the action to the United States District Court for the Central District of California. The Company has reached an agreement to settle the matter. The court granted final approval of the settlement on May 8, 2015 and dismissed the case.

On April 30, 2015, an employee of a subsidiary of the Company filed an action, *Stewart v. Hat World, Inc., et al.*, under the California Labor Code Private Attorneys General Act on behalf of herself, the State of California, and other non-exempt, hourly-paid employees of the subsidiary in California, seeking unspecified damages and penalties for various alleged violations of the California Labor Code, including failure to pay for all hours worked, minimum wage and overtime violations, failure to provide required meal and rest periods, failure to timely pay wages, failure to provide complete and accurate wage statements, and failure to provide full reimbursement of business-related costs and expenses incurred in the course of employment. The Company disputes the material allegations in the complaint and intends to defend the matter.

In addition to the matters specifically described in this Note, the Company is a party to other legal and regulatory proceedings and claims arising in the ordinary course of its business. While management does not believe that the Company's liability with respect to any of these other matters is likely to have a material effect on its financial statements, legal proceedings are subject to inherent uncertainties and unfavorable rulings could have a material adverse impact on the Company's financial statements.

Note 9

Business Segment Information

During the three months ended May 2, 2015 and May 3, 2014, the Company operated five reportable business segments (not including corporate): (i) Journeys Group, comprised of the Journeys, Journeys Kidz, Shi by Journeys and Underground by Journeys retail footwear chains, e-commerce operations and catalog; (ii) Schuh Group, comprised of the Schuh retail footwear chain and e-commerce operations; (iii) Lids Sports Group, comprised primarily of the Lids retail headwear stores, the Lids Locker Room and Lids Clubhouse fan shops (operated under various trade names), licensed team merchandise departments in Macy's department stores operated under the name of Locker Room by Lids under a license agreement with Macy's, the Lids Team Sports business and certain e-commerce operations; (iv) Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, e-commerce operations, catalog and wholesale distribution of products under the Johnston & Murphy and Trask brands; and (v) Licensed Brands, comprised of Dockers Footwear, sourced and marketed under a license from Levi Strauss & Company; SureGrip Footwear, occupational footwear primarily sold directly to consumers; and other brands.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 1).

The Company's reportable segments are based on management's organization of the segments in order to make operating decisions and assess performance along types of products sold. Journeys Group, Schuh Group and Lids Sports Group sell primarily branded products from other companies while Johnston & Murphy Group and Licensed Brands sell primarily the Company's owned and licensed brands.

Corporate assets include cash, domestic prepaid rent expense, prepaid income taxes, deferred income taxes, deferred note expense and corporate fixed assets. The Company charges allocated retail costs of distribution to each segment. The Company does not allocate certain costs to each segment in order to make decisions and assess performance. These costs include corporate overhead, interest expense, interest income, asset impairment charges and other, including major litigation and major lease terminations.

Genesco Inc.
and Consolidated Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 9
Business Segment Information, Continued

Three Months Ended

May 2, 2015

In thousands	Journeys Group	Schuh Group	Lids Sports Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	\$ 278,632	\$ 78,562	\$ 206,590	\$ 66,362	\$ 30,746	\$ 135	\$ 661,027
Intercompany Sales	—	—	(261)	—	(169)	—	(430)
Net sales to external customers	\$ 278,632	\$ 78,562	\$ 206,329	\$ 66,362	\$ 30,577	\$ 135	\$ 660,597
Segment operating income (loss)	\$ 24,422	\$ (2,661)	\$ (3,397)	\$ 3,977	\$ 3,023	\$ (6,464)	\$ 18,900
Asset Impairments and other*	—	—	—	—	—	(2,646)	(2,646)
Earnings (loss) from operations	24,422	(2,661)	(3,397)	3,977	3,023	(9,110)	16,254
Interest expense	—	—	—	—	—	(660)	(660)
Interest income	—	—	—	—	—	15	15
Earnings (loss) from continuing operations before income taxes	\$ 24,422	\$ (2,661)	\$ (3,397)	\$ 3,977	\$ 3,023	\$ (9,755)	\$ 15,609
Total assets**	\$ 317,770	\$ 260,213	\$ 675,325	\$ 111,067	\$ 41,455	\$ 210,238	\$ 1,616,068
Depreciation and amortization	5,460	3,513	7,718	1,365	215	1,222	19,493
Capital expenditures	6,979	1,724	10,789	2,740	134	2,034	24,400

*Asset Impairments and other includes a \$0.8 million charge for asset impairments, which relates to the Lids Sports Group, a \$1.8 million charge for network intrusion expenses and \$0.1 million for other legal matters.

**Total assets for the Lids Sports Group, Schuh Group and Licensed Brands include \$200.7 million, \$97.3 million and \$0.8 million of goodwill, respectively. The Schuh Group goodwill increased by \$1.3 million from January 31, 2015 due to foreign currency translation adjustments. Of the Company's \$310.6 million of property and equipment \$63.1 million and \$14.7 million relate to property and equipment in the United Kingdom and Canada, respectively.

Genesco Inc.
and Consolidated Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 9
Business Segment Information, Continued

Three Months Ended

May 3, 2014

In thousands	Journeys Group	Schuh Group	Lids Sports Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	\$ 262,123	81,276	\$ 189,335	\$ 63,397	\$ 32,685	\$ 301	\$ 629,117
Intercompany Sales	—	—	(69)	—	(223)	—	(292)
Net sales to external customers	\$ 262,123	\$ 81,276	\$ 189,266	\$ 63,397	\$ 32,462	\$ 301	\$ 628,825
Segment operating income (loss)	\$ 19,677	\$ (5,141)	\$ 8,137	\$ 4,496	\$ 3,521	\$ (8,083)	\$ 22,607
Asset Impairments and other*	—	—	—	—	—	1,111	1,111
Earnings (loss) from operations	19,677	(5,141)	8,137	4,496	3,521	(6,972)	23,718
Interest expense	—	—	—	—	—	(733)	(733)
Interest income	—	—	—	—	—	32	32
Earnings (loss) from continuing operations before income taxes	\$ 19,677	\$ (5,141)	\$ 8,137	\$ 4,496	\$ 3,521	\$ (7,673)	\$ 23,017
Total assets**	\$ 295,135	277,226	\$ 593,075	\$ 99,062	\$ 48,920	\$ 169,489	\$ 1,482,907
Depreciation and amortization	4,761	3,506	7,082	1,081	132	798	17,360
Capital expenditures	5,870	4,834	5,089	2,536	246	1,235	19,810

*Asset Impairments and other includes a \$(3.2) million gain on a lease termination, partially offset by a \$0.8 million charge for assets impairments in the Lids Sports Group and a \$1.2 million charge for network intrusion expenses.

**Total assets for the Lids Sports Group, Schuh Group and Licensed Brands include \$182.5 million, \$107.4 million and \$0.8 million of goodwill, respectively. The Schuh Group goodwill increased by \$2.5 million from February 1, 2014 due to foreign currency translation adjustments. Of the Company's \$281.0 million of property and equipment, \$65.4 million and \$14.9 million relate to property and equipment in the United Kingdom and Canada, respectively.

Note 10

Subsequent Event

In May 2015, Schuh Group Limited entered into a Form of Amended and Restated Facilities Agreement and Working Capital Facility Letter which would replace the current A, B and C term loans with a new Facility A of £17.5 million and a Facility B of £11.6 million (which was the former Facility C loan) as well as provide an additional revolving credit facility, Facility C, of £22.5 million and a working capital facility of £2.5 million. The Facility A loan bears interest at LIBOR plus 1.8% per annum with quarterly payments through April 2017. The Facility B loan bears interest at LIBOR plus 2.5% per annum with quarterly payments through September 2019. The Facility C bears interest at LIBOR plus 2.2% per annum and expires in September 2019.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

This discussion and the Notes to the Condensed Consolidated Financial Statements include certain forward-looking statements, including those regarding the performance outlook for the Company and its individual businesses and all other statements not addressing solely historical facts or present conditions. Words such as "may," "will," "should," "likely," "anticipate," "expect," "intend," "plan," "project," "believe," "estimate" and similar expressions can be used to identify these forward-looking statements. Actual results could differ materially from those reflected by the forward-looking statements in this discussion, in the Notes to the Condensed Consolidated Financial Statements, and in other disclosures, including those regarding the Company's performance outlook for Fiscal 2016 and beyond.

A number of factors may adversely affect the outlook reflected in forward looking statements and the Company's future results, liquidity, capital resources and prospects. These factors (some of which are beyond the Company's control) include:

- The timing and costs of the Company's initiatives to improve performance in the Lids Sports Group.
- The timing and amount of non-cash asset impairments related to retail store fixed assets or to intangible assets of acquired businesses.
- The effectiveness of the Company's omnichannel initiatives.
- Weakness in the consumer economy.
- Competition in the Company's markets.
- Inability of customers to obtain credit.
- Fashion trends that affect the sales or product margins of the Company's retail product offerings.
- Changes in buying patterns by significant wholesale customers.
- Bankruptcies or deterioration in the financial condition of significant wholesale customers, limiting their ability to buy or pay for merchandise offered by the Company.
- Disruptions in product supply or distribution.
- Unfavorable trends in fuel costs, foreign exchange rates, foreign labor and material costs and other factors affecting the cost of products and results of operations.
- The Company's ability to continue to complete and integrate acquisitions, expand its business and diversify its product base.
- Changes in the timing of holidays or in the onset of seasonal weather affecting period-to-period sales comparisons.
- The performance of athletic teams, the participants in major sporting events such as the Super Bowl and World Series, developments with respect to certain individual athletes, and other sports-related events or changes that may affect period-to-period comparisons in the Company's Lids Sports Group retail businesses.
- The Company's ability to build, open, staff and support additional retail stores and to renew leases in existing stores and control occupancy costs, and to conduct required remodeling or refurbishment on schedule and at expected expense levels.
- Deterioration in the performance of individual businesses or of the Company's market value relative to its book value, resulting in impairments of fixed assets or intangible assets or other adverse financial consequences.
- Unexpected changes to the market for the Company's shares.
- Variations from expected pension-related charges caused by conditions in the financial markets.
- Disruptions in the Company's information technology systems either by security breaches and incidents or by potential problems associated with the implementation of new or upgraded systems.

- The cost and outcome of litigation, investigations and environmental matters involving the Company, including but not limited to the matters discussed in Note 8 to the Condensed Consolidated Financial Statements.
- Other factors set forth under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 and other documents the Company files with the Securities and Exchange Commission (the "SEC").

Overview

Description of Business

The Company's business includes the design and sourcing, marketing and distribution of footwear and accessories through retail stores, including Journeys[®], Journeys Kidz[®], Shi by Journeys[®], Underground by Journeys[®] and Johnston & Murphy[®] in the U.S., Puerto Rico and Canada, and through Schuh[®] stores in the United Kingdom and the Republic of Ireland, and through e-commerce websites and catalogs, and at wholesale, primarily under the Company's Johnston & Murphy brand, the Trask brand, the licensed Dockers[®] brand and other brands that the Company licenses for men's footwear. The Company's wholesale footwear brands are distributed to more than 1,350 retail accounts in the United States, including a number of leading department, discount, and specialty stores. The Company's business also includes Lids Sports, which operates (i) headwear and accessory stores under the Lids[®] name and other names in the U.S., Puerto Rico and Canada, (ii) the Lids Locker Room and Lids Clubhouse businesses, consisting of sports-oriented fan shops featuring a broad array of licensed merchandise such as apparel, hats and accessories, sports decor and novelty products, operating under various trade names, (iii) licensed team merchandise departments in Macy's department stores operated under the name of Locker Room by Lids and on macys.com under a license agreement with Macy's, (iv) e-commerce operations and (v) an athletic team dealer business operating as Lids Team Sports. Including both the footwear businesses and the Lids Sports business, at May 2, 2015, the Company operated 2,805 retail stores and leased departments in the U.S., Puerto Rico, Canada, the United Kingdom and the Republic of Ireland.

During the three months ended May 2, 2015 and May 3, 2014, the Company operated five reportable business segments (not including corporate): (i) Journeys Group, comprised of the Journeys, Journeys Kidz, Shi by Journeys and Underground by Journeys retail footwear chains, e-commerce operations and catalog; (ii) Schuh Group, comprised of the Schuh retail footwear chain and e-commerce operations; (iii) Lids Sports Group, comprised as described in the preceding paragraph; (iv) Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, e-commerce operations and catalog and wholesale distribution of products under the Johnston & Murphy and Trask brands; and (v) Licensed Brands, comprised of Dockers Footwear, sourced and marketed under a license from Levi Strauss & Company; SureGrip Footwear, occupational footwear primarily sold directly to consumers; and other brands.

The Journeys retail footwear stores sell footwear and accessories primarily for 13 to 22 year old men and women. The stores average approximately 2,000 square feet. The Journeys Kidz retail footwear stores sell footwear primarily for younger children, ages five to 12. These stores average approximately 1,450 square feet. Shi by Journeys retail footwear stores sell footwear and accessories to fashion-conscious women in their early 20's to mid 30's. These stores average approximately 2,150 square feet. The Underground by Journeys retail footwear stores sell footwear and accessories primarily for men and women in the 20 to 35 age group. These stores average approximately 1,850 square feet. The Journeys Group stores are primarily in malls and factory outlet centers throughout the United States, Puerto Rico and Canada. Journeys Group operates 35 stores in Canada. Journeys also sells footwear and accessories through direct-to-consumer catalog and e-commerce operations.

The Schuh retail footwear stores sell a broad range of branded casual and athletic footwear along with a meaningful private label offering primarily for 15 to 30 year old men and women. The stores, which average approximately 4,950 square feet, include both street-level and mall locations in the United Kingdom and the Republic of Ireland. During the third quarter of Fiscal 2013, the Schuh Group opened its first Schuh Kids store. As of May 2, 2015, the Company has opened seven Schuh Kids stores that sell footwear primarily for younger children, ages five to 12, and average 2,800 square feet. During the first quarter of Fiscal 2016, the Schuh Group opened its first Schuh store in Germany. The Schuh Group also sells footwear through e-commerce operations.

The Lids Sports Group includes stores and kiosks, primarily under the Lids banner, that sell licensed and branded headwear to men and women primarily in the early-teens to mid-20's age group. The Lids store locations average approximately 875 square feet and are primarily in malls, airports, street-level stores and factory outlet centers throughout the United States, Puerto Rico and Canada. The Lids Sports Group also operates Lids Locker Room and Lids Clubhouse stores under a number of trade names, selling licensed sports headwear, apparel and accessories to sports fans of all ages in locations averaging approximately 2,775 square feet in malls and other locations primarily in the United States and Canada. The Lids Sports Group operates 154 stores in Canada. The Lids Sports Group also operates Locker Room by Lids leased departments in Macy's department stores selling headwear, apparel, accessories and novelties from an assortment of college and professional teams specific to particular Macy's department stores' geographic locations. As of May 2, 2015, the Company had opened 187 Locker Room by Lids leased departments averaging approximately 650 square feet. The Lids Sports Group also sells headwear and accessories through e-commerce operations. In addition, the Lids Sports Group operates Lids Team Sports, an athletic team dealer business.

Johnston & Murphy retail shops sell a broad range of men's footwear, apparel and accessories. Women's footwear and accessories are sold in select Johnston & Murphy retail locations. Johnston & Murphy shops average approximately 1,550 square feet and are located primarily in better malls and in airports throughout the United States. Johnston & Murphy opened its first store in Canada during the fourth quarter of Fiscal 2012. As of May 2, 2015, Johnston & Murphy also operated seven stores in Canada. The Company also has license and distribution agreements for wholesale and retail sales of Johnston & Murphy products in various non - U.S. jurisdictions. The Company also sells Johnston & Murphy footwear and accessories in factory stores, averaging approximately 2,375 square feet, located in factory outlet malls, and through a direct-to-consumer catalog and e-commerce operations. In addition, Johnston & Murphy shoes are distributed through the Company's wholesale operations to better department and independent specialty stores. Additionally, the Company sells the Trask brand, with men's and women's footwear and leather accessories distributed to better independent retailers and department stores.

The Licensed Brands segment markets casual and dress casual footwear under the licensed Dockers® brand to men aged 30 to 55 through many of the same national retail chains that carry Dockers slacks and sportswear and in department and specialty stores across the country. The Company entered into an exclusive license with Levi Strauss & Co. to market men's footwear in the United States under the Dockers brand name in 1991. Levi Strauss & Co. and the Company have subsequently added additional territories, including Canada and Mexico and certain other Latin American countries. The Dockers license agreement was renewed on July 23, 2012 for a term expiring on November 30, 2015, subject to extension for an additional three year term if certain conditions are met. The Company has given notice as required by the license agreement to renew the license for an additional three-year term expiring November 30, 2018. The Company acquired Keuka Footwear in the third quarter of Fiscal 2011 and subsequently launched its SureGrip® Footwear line of slip-resistant, occupational footwear from that base. The Company sources and distributes the SureGrip line to employees in the hospitality, healthcare, and other industries.

Strategy

The Company's long-term strategy has been to seek organic growth by: 1) increasing the Company's store base, 2) increasing retail square footage, 3) improving comparable sales, both in stores and digital commerce, 4) increasing operating margin and 5) enhancing the value of its brands.

To supplement its organic growth potential, the Company has made acquisitions, including the acquisition of the Schuh Group in June 2011 and several smaller acquisitions of businesses in the Lids Sports Group's markets, and expects to consider acquisition opportunities, either to augment its existing businesses or to enter new businesses that it considers compatible with its existing businesses, core expertise and strategic profile. Acquisitions involve a number of risks, including, among others, inaccurate valuation of the acquired business, the assumption of undisclosed liabilities, the failure to integrate the acquired business appropriately, and distraction of management from existing businesses. The Company seeks to mitigate these risks by applying appropriate financial metrics in its valuation analysis and developing and executing plans for due diligence and integration that are appropriate to each acquisition. The Company also seeks appropriate opportunities to extend existing brands and retail concepts. For example, the Schuh Group opened its first Schuh Kids store during the third quarter of Fiscal 2013 and opened its first Schuh store in Germany in the first quarter of this year. The Company typically tests such extensions on a relatively small scale to determine their viability and to refine their strategies and operations before making significant, long-term commitments.

More generally, the Company attempts to develop strategies to mitigate the risks it views as material, including those discussed under the caption "Forward Looking Statements," above, and those discussed in Part II, Item 1A, Risk Factors. Among the most important of these factors are those related to consumer demand. Conditions in the external economy can affect demand, resulting in changes in sales and, as prices are adjusted to drive sales and manage inventories, in gross margins. Because fashion trends influencing many of the Company's target customers can change rapidly, the Company believes that its ability to react quickly to those changes has been important to its success. Even when the Company succeeds in aligning its merchandise offerings with consumer preferences, those preferences may affect results by, for example, driving sales of products with lower average selling prices or products which are more widely available in the marketplace and thus more subject to competitive pressures than the Company's typical offering. Moreover, economic factors, such as persistent unemployment and any future economic contraction and changes in tax policies, may reduce the consumer's disposable income or his or her willingness to purchase discretionary items, and thus may reduce demand for the Company's merchandise, regardless of the Company's skill in detecting and responding to fashion trends. The Company believes its experience and discipline in merchandising and the buying power associated with its relative size and importance in the industry segments in which it competes are important to its ability to mitigate risks associated with changing customer preferences and other changes in consumer demand.

Summary of Results of Operations

The Company's net sales increased 5.1% during the first quarter of Fiscal 2016 compared to the same quarter of Fiscal 2015. The increase reflected a 6% increase in Journeys Group sales, a 9% increase in Lids Sports Group sales and a 5% increase in Johnston & Murphy Group sales, offset slightly by a 3% decrease in Schuh Group sales and a 6% decrease in Licensed Brands sales. Gross margin as a percentage of net sales decreased to 49.4% during the first quarter of Fiscal 2016, compared to 50.2% for the same period last year, reflecting decreased gross margin as a percentage of net sales in Schuh Group, Lids Sports Group and Johnston & Murphy Group, partially offset by increased gross margin as a percentage of net sales in Journeys Group and Licensed Brands. Selling and administrative expenses decreased to 46.5% of net sales during the first quarter of Fiscal 2016 from 46.6% for the same quarter of Fiscal 2015, reflecting decreases in expenses as a percentage of net sales in Journeys Group, Schuh Group and Corporate, partially

offset by increases as a percentage of net sales in Lids Sports Group, Johnston & Murphy Group and Licensed Brands. Earnings from operations decreased as a percentage of net sales during the first quarter of Fiscal 2016 compared to the same quarter of Fiscal 2015, reflecting decreased earnings from operations as a percentage of net sales in Lids Sports Group, Johnston & Murphy Group and Licensed Brands, partially offset by increased earnings from operations as a percentage of net sales in Journeys Group. Schuh Group loss from operations as a percentage of net sales improved in Fiscal 2016 from the first quarter of Fiscal 2015.

Significant Developments

Change in EVA Incentive Plan

Under the Company's EVA Incentive Plan, bonus awards in excess of a specified cap in any one year are retained and paid over three subsequent years, subject to reduction or elimination by deteriorating financial performance and historically were subject to forfeiture if the participant voluntarily resigns from employment with the Company. As a result, the bonus awards were subject to service conditions that resulted in recognition of expense over the period of service by the respective employee. During the first quarter of Fiscal 2015, the Company amended the plan to remove the future service requirement for the payment of the retained bonuses. As a result, the bonus expense that would have been deferred under the previous plan terms is now recognized in the first year of service. The Company recorded a \$5.7 million charge to earnings in the first quarter of Fiscal 2015 in connection with the amendment related to bonus amounts previously deferred to future years.

Asset Impairment and Other Charges

The Company recorded pretax charges of \$2.6 million in the first quarter of Fiscal 2016, including a \$1.8 million charge for network intrusion expenses, a \$0.8 million charge for retail store asset impairments and \$0.1 million for other legal matters.

The Company recorded a pretax gain of \$(1.1) million in the first quarter of Fiscal 2015, including a \$(3.2) million gain on a lease termination of a Lids store, partially offset by a \$1.2 million charge for network intrusion expenses and a \$0.8 million charge for retail store asset impairments.

Comparable Sales

During Fiscal 2013, the Company revised its presentation of comparable sales to include its e-commerce and direct mail catalog businesses. For purposes of this report, "comparable sales" are sales from stores open longer than one year, beginning in the fifty-third week of a store's operation (which we refer to in this report as "same store sales"), and sales from websites operated longer than one year and direct mail catalog sales (which we refer to in this report as "comparable direct sales"). Temporarily closed stores are excluded from the comparable sales calculation for every full week of the store closing. Expanded stores are excluded from the comparable sales calculation until the fifty-third week of operation in the expanded format.

Results of Operations - First Quarter Fiscal 2016 Compared to Fiscal 2015

The Company's net sales in the first quarter ended May 2, 2015 increased 5.1% to \$660.6 million from \$628.8 million in the first quarter ended May 3, 2014, reflecting increased net sales in all of the Company's business segments except Schuh Group and Licensed Brands, and a 4% increase in comparable sales. Gross margin increased 3.3% to \$326.3 million in the first quarter this year from \$315.9 million in the same period last year, but decreased as a percentage of net sales from 50.2% to 49.4%, reflecting decreased gross margin

as a percentage of net sales in Schuh Group, Lids Sports Group and Johnston & Murphy Group, offset slightly by increased gross margin as a percentage of net sales in Journeys Group and Licensed Brands. Selling and administrative expenses in the first quarter this year increased 4.8% from the first quarter last year but decreased slightly as a percentage of net sales from 46.6% to 46.5%, reflecting decreased expenses as a percentage of net sales in Journeys Group, Schuh Group and Corporate expenses, partially offset by increases as a percentage of net sales in Lids Sports Group, Johnston & Murphy Group and Licensed Brands. The Company records buying and merchandising and occupancy costs in selling and administrative expense. Because the Company does not include these costs in cost of sales, the Company's gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Earnings from continuing operations before income taxes ("pretax earnings") for the first quarter ended May 2, 2015 were \$15.6 million compared to \$23.0 million for the first quarter ended May 3, 2014. Pretax earnings for the first quarter ended May 2, 2015 included an asset impairment and other charge of \$2.6 million, primarily related to network intrusion expenses, retail store asset impairments and other legal matters. Pretax earnings also includes \$0.9 million in expense related to the deferred purchase price obligation related to the Schuh acquisition. Because the deferred purchase price for Schuh is contingent on the payees' continuing employment with Schuh (subject to certain exceptions), U.S. Generally Accepted Accounting Principles require that it be expensed as compensation across the period of service until payment is due. Pretax earnings for the first quarter ended May 3, 2014 included an asset impairment and other gain of \$(1.1) million, primarily related to a \$3.2 million lease termination gain in a Lids store partially offset by network intrusion expenses and retail store asset impairments. Last year's pretax earnings also included \$3.1 million in expenses related to the deferred purchase price obligation in connection with the Schuh acquisition.

Net earnings for the first quarter ended May 2, 2015 were \$9.9 million (\$0.42 diluted earnings per share) compared to \$14.0 million (\$0.59 diluted earnings per share) for the first quarter ended May 3, 2014. The Company recorded an effective income tax rate of 36.3% in the first quarter this year compared to 38.7% in the same period last year. The tax rate for the first quarter of Fiscal 2016 was lower compared to last year's first quarter reflecting expectations of increased earnings in lower tax jurisdictions driven by expectations of increased earnings at Schuh due to no contingent bonus accruals this year and reduced deferred purchase price expense this year versus last year.

Journeys Group

	Three Months Ended		% Change
	May 2, 2015	May 3, 2014	
	(dollars in thousands)		
Net sales	\$ 278,632	\$ 262,123	6.3%
Earnings from operations	\$ 24,422	\$ 19,677	24.1%
Operating margin	8.8%	7.5%	

Net sales from Journeys Group increased 6.3% to \$278.6 million for the first quarter ended May 2, 2015 compared to \$262.1 million for the same period last year. The increase reflects primarily a 5% increase in comparable sales, which includes a 5% increase in same store sales and an 11% increase in comparable direct sales, while average Journeys stores operated remained flat (i.e. the sum of the number of stores

open on the first day of the fiscal quarter and the last day of each fiscal month during the quarter divided by four). The comparable sales increase reflected a 1% increase in footwear unit sales and 4% increase in the average price per pair of shoes. Journeys Group operated 1,171 stores at the end of the first quarter of Fiscal 2016, including 187 Journeys Kidz stores, 47 Shi by Journeys stores, 104 Underground by Journeys stores and 35 Journeys stores in Canada, compared to 1,172 stores at the end of the first quarter last year, including 178 Journeys Kidz stores, 49 Shi by Journeys stores, 117 Underground by Journeys stores and 31 Journeys stores in Canada.

Journeys Group earnings from operations for the first quarter ended May 2, 2015 increased 24.1% to \$24.4 million compared to \$19.7 million for the first quarter ended May 3, 2014. The increase was primarily due to increased net sales and decreased expenses as a percentage of net sales, reflecting \$4.9 million in bonus expense in last year's first quarter as a result of the EVA plan amendment.

Schuh Group

	Three Months Ended		% Change
	May 2, 2015	May 3, 2014	
	(dollars in thousands)		
Net sales	\$ 78,562	\$ 81,276	(3.3)%
Loss from operations	\$ (2,661)	\$ (5,141)	48.2 %
Operating margin	(3.4)%	(6.3)%	

Net sales from Schuh Group decreased 3.3% to \$78.6 million for the first quarter ended May 2, 2015, compared to \$81.3 million for the first quarter ended May 3, 2014. The decrease reflects primarily a decrease of \$9.3 million in sales due to changes in foreign exchange rates, partially offset by a 10% increase in average Schuh stores operated and a 4% increase in comparable sales, reflecting a 2% increase in same store sales and a 17% increase in comparable direct sales. Schuh Group operated 111 stores, including seven Schuh Kids stores, at the end of the first quarter of Fiscal 2016, compared to 100 stores, including four Schuh Kids stores, at the end of the first quarter of Fiscal 2015.

Schuh Group loss from operations improved to \$(2.7) million, or 48.2% for the first quarter ended May 2, 2015 from \$(5.1) million for the first quarter ended May 3, 2014. The loss included \$0.9 million in the first quarter of Fiscal 2016 and \$3.1 million in the first quarter of Fiscal 2015 in compensation expense related to a deferred purchase price obligation in connection with the acquisition. The loss also included \$1.4 million in the first quarter last year related to accruals for a contingent bonus payment for Schuh employees provided for in the Schuh acquisition. The improvement in the loss from operations was due primarily to decreased expenses as a percentage of net sales, reflecting the decrease in the deferred purchase price obligation expense and contingent bonus accrual.

Lids Sports Group

	Three Months Ended		
	May 2, 2015	May 3, 2014	% Change
	(dollars in thousands)		
Net sales	\$ 206,329	\$ 189,266	9.0%
(Loss) earnings from operations	\$ (3,397)	\$ 8,137	NM
Operating margin	(1.6)%	4.3%	

Net sales from Lids Sports Group increased 9.0% to \$206.3 million for the first quarter ended May 2, 2015, compared to \$189.3 million for the same period last year, reflecting primarily a 6% increase in average Lids Sports Group stores operated, excluding leased departments, and a comparable sales increase of 3%, which includes a 1% decrease in same store sales and a 62% increase in comparable direct sales. The increase in comparable direct sales was driven by Lids implementing Locate, a system which gives users on-line access to inventory in stores and to increased promotional activity as part of a program to clear excess inventory. The sales increase also reflects a 15% increase in Lids Team Sports sales. The comparable sales increase reflects a 9% increase in comparable store hat units sold, while the average price per hat decreased 4% for the first quarter this year. Lids Sports Group operated 1,351 stores at the end of the first quarter of Fiscal 2016, including 114 Lids stores in Canada, 239 Lids Locker Room and Clubhouse stores, which includes 40 Locker Room stores in Canada, and 187 Locker Room by Lids leased departments in Macy's, compared to 1,134 stores at the end of the first quarter last year, including 110 Lids stores in Canada, 161 Lids Locker Room and Clubhouse stores and 33 Locker Room by Lids leased departments in Macy's.

Lids Sports Group had a loss from operations of \$(3.4) million for the first quarter ended May 2, 2015 compared to earnings of \$8.1 million for the first quarter ended May 3, 2014. The decrease was due to decreased gross margin as a percentage of net sales, reflecting increased promotional activity, increased shipping and warehouse expense, and changes in sales mix, and to increased expenses as a percentage of net sales, due primarily to increased store related expenses from the growth of 232 stores from last year in the Locker Room concepts including 154 Macy's Locker Room locations.

Johnston & Murphy Group

	Three Months Ended		
	May 2, 2015	May 3, 2014	% Change
	(dollars in thousands)		
Net sales	\$ 66,362	\$ 63,397	4.7 %
Earnings from operations	\$ 3,977	\$ 4,496	(11.5)%
Operating margin	6.0%	7.1%	

Johnston & Murphy Group net sales increased 4.7% to \$66.4 million for the first quarter ended May 2, 2015 from \$63.4 million for the first quarter ended May 3, 2014, reflecting primarily a 3% increase in comparable sales, which includes a 3% increase in same store sales and a 6% increase in comparable direct sales, a 2% increase in average stores operated for Johnston & Murphy retail operations and a 6% increase in Johnston & Murphy Group wholesale sales. Unit sales for the Johnston & Murphy wholesale business increased 6% in the first quarter of Fiscal 2016 while the average price per pair of shoes decreased 1% for

the same period. Retail operations accounted for 67.7% of Johnston & Murphy Group's sales in the first quarter this year, down from 68.2% in the first quarter last year. Comparable sales reflected a 5% increase in the average price per pair of shoes for Johnston & Murphy retail operations while footwear unit comparable sales were flat. The store count for Johnston & Murphy retail operations at the end of the first quarter of Fiscal 2016 included 172 Johnston & Murphy shops and factory stores, including seven stores in Canada, compared to 167 Johnston & Murphy shops and factory stores, including seven stores in Canada, for the first quarter of Fiscal 2015.

Johnston & Murphy Group earnings from operations for the first quarter ended May 2, 2015 decreased 11.5% to \$4.0 million compared to \$4.5 million for the same period last year, primarily due to decreased gross margin as a percentage of net sales, reflecting increased markdowns and changes in sales mix, and increased expenses as a percentage of net sales, reflecting increased occupancy costs and selling salaries.

Licensed Brands

	Three Months Ended		% Change
	May 2, 2015	May 3, 2014	
	(dollars in thousands)		
Net sales	\$ 30,577	\$ 32,462	(5.8)%
Earnings from operations	\$ 3,023	\$ 3,521	(14.1)%
Operating margin	9.9%	10.8%	

Licensed Brands' net sales decreased 5.8% to \$30.6 million for the first quarter ended May 2, 2015, from \$32.5 million for the same period last year, reflecting decreased sales of Dockers Footwear and Chaps Footwear, partially offset by increased sales of SureGrip Footwear. The sales decrease in Dockers Footwear reflects limitations on sales to a particular customer and this is expected to continue this year. Unit sales for Dockers Footwear decreased 10% for the first quarter this year while the average price per pair of Dockers shoes increased 2% compared to the same period last year.

Licensed Brands' earnings from operations decreased 14.1%, from \$3.5 million for the first quarter last year to \$3.0 million for the first quarter this year, primarily due to decreased net sales and increased expenses as a percentage of net sales, reflecting increased advertising, bad debt expense, bonus and freight expenses.

Corporate, Interest Expenses and Other Charges

Corporate and other expense for the first quarter ended May 2, 2015 increased to \$9.1 million compared to \$7.0 million for the first quarter ended May 3, 2014. Corporate expense in the first quarter this year included a \$2.6 million charge in asset impairment and other charges, primarily for network intrusion expenses, retail store asset impairments and other legal matters. Corporate and other expense in the first quarter of Fiscal 2015 included a \$1.1 million gain in asset impairment and other charges, primarily for a \$3.2 million gain on a lease termination in a Lids store, partially offset by network intrusion expenses and retail store asset impairments. The decrease in corporate expenses excluding asset impairment and other charges is due to decreased bonus accruals.

Net interest expense decreased 8.0% from \$0.7 million in the first quarter last year to \$0.6 million for the first quarter this year.

Liquidity and Capital Resources

The following table sets forth certain financial data at the dates indicated.

	May 2, 2015	January 31, 2015	May 3, 2014
	(dollars in millions)		
Cash and cash equivalents	\$ 89.9	\$ 112.9	\$ 71.9
Working capital	\$ 451.3	\$ 441.7	\$ 474.8
Long-term debt (including current portion)	\$ 27.8	\$ 29.2	\$ 33.1

Working Capital

The Company's business is somewhat seasonal, with the Company's investment in inventory and accounts receivable normally reaching peaks in the spring and fall of each year. Historically, cash flows from operations have been generated principally in the fourth quarter of each fiscal year.

Cash used in operating activities was \$0.5 million in the first three months of Fiscal 2016 compared to cash provided by operating activities of \$32.2 million in the first three months of Fiscal 2015. The \$32.7 million decrease in cash flow from operating activities from last year reflects a decrease in cash flow from changes in other accrued liabilities and inventory of \$22.6 million and \$18.1 million, respectively, partially offset by a \$14.7 million increase in cash flow from changes in accounts payable. The \$22.6 million decrease in cash flow from other accrued liabilities reflects Schuh acquisition related payments and higher income tax payments in the first quarter this year compared to last year. The \$18.1 million decrease in cash flow from inventory reflects increases in retail inventory principally in the Journeys Group due to changes in buying patterns versus last year and pulling forward second quarter deliveries into the first quarter this year, partially offset by decreased inventory in growth versus last year in the Lids Sports Group, Johnston & Murphy Group and Licensed Brands. The \$14.7 million increase in cash flow from changes in accounts payable was due to increased inventory and to changes in buying patterns and payment terms negotiated with individual vendors.

The \$36.6 million increase in inventories at May 2, 2015 from January 31, 2015 levels reflected increased retail inventory in all business units, partially offset by seasonal decreases in Johnston & Murphy Group wholesale and Licensed Brands inventory.

Accounts receivable at May 2, 2015 increased by \$5.0 million compared to January 31, 2015, due primarily to increased sales in the Lids Team Sports and Johnston & Murphy Group wholesale businesses.

Sources of Liquidity

The Company has three principal sources of liquidity: cash from operations, cash and cash equivalents on hand and the Credit Facility discussed below. The Company believes that cash and cash equivalents on hand, cash flow from operations and availability under its Credit Facility will be sufficient to cover its working capital and capital expenditures for the foreseeable future.

On January 31, 2014, the Company entered into a Third Amended and Restated Credit Agreement (the "Credit Facility") with the lenders party thereto and Bank of America, N.A., as agent, providing for a revolving credit facility in the aggregate principal amount of \$400.0 million, including a \$70.0 million sublimit for the issuance of letters of credit and a domestic swingline subfacility of up to \$40.0 million, a revolving credit subfacility for the benefit of GCO Canada, Inc. in an aggregate amount not to exceed \$25.0 million, which includes a \$5.0 million sublimit for the issuance of letters of credit, and revolving credit subfacility for the benefit of Genesco (UK) Limited in an aggregate amount not to exceed \$50.0 million, which includes a \$10.0 million sublimit for the issuance of letters of credit and a swingline subfacility of

up to \$10.0 million. The facility has a five-year term. Any swingline loans and any letters of credit and borrowings under the Canadian and U.K. facilities will reduce the availability under the Credit Facility on a dollar-for-dollar basis.

The Company has the option, from time to time, to increase the availability under the Credit Facility by an aggregate amount of up to \$150.0 million subject to, among other things, the receipt of commitments for the increased amount. In connection with this increased facility, the Canadian revolving credit facility may be increased up to no more than \$40.0 million.

Genesco (UK) Limited has a one-time option to increase the availability of its subfacility under the Credit Facility by an additional amount of up to \$50.0 million.

The aggregate amount of the loans made and letters of credit issued under the Credit Facility shall at no time exceed the lesser of the facility amount (\$400.0 million or, if increased as described above, up to \$550.0 million or \$600.0 million, respectively) or the "Borrowing Base", which generally is based on 90% of eligible inventory plus 85% of eligible wholesale receivables (50% of eligible wholesale receivables of the Lids Team Sports business) plus 90% of eligible credit card and debit card receivables less applicable reserves (the "Loan Cap"). The relevant assets of Genesco (UK) Limited will be included in the Borrowing Base if the additional \$50.0 million sublimit increase is exercised, provided that amounts borrowed by Genesco (UK) Limited based solely on its own borrowing base will be limited to \$50.0 million and the total outstanding to Genesco (UK) Limited will not exceed 30% of the Loan Cap.

The Credit Facility also provides that a first-in, last-out tranche could be added to the revolving credit facility at the option of the Company subject to, among other things, the receipt of commitments for such tranche.

In connection with the Schuh acquisition, Schuh entered into an amended and restated Senior Term Facilities Agreement and Working Capital Facility Letter (collectively, the "UK Credit Facilities"), which provide for term loans of up to £29.5 million (a £15.5 million A term loan and £14.0 million B term loan) and a working capital facility of £5.0 million. The Working Capital Facility Letter was allowed to lapse in June 2012. The A term loan bears interest at LIBOR plus 2.50% per annum. The B term loan bears interest at LIBOR plus 3.75% per annum. The Company is not required to make any payments on the B term loan until it expires October 31, 2015, unless the Company's Schuh Group segment has Excess Cash Flow (as defined in the UK Credit Facilities). The Company paid less than £0.1 million and £4.8 million on the B term loan in Fiscal 2014 and 2013, respectively.

In November 2013, Schuh Group Limited entered into an Amended and Restated Facilities Agreement to provide for an additional term loan of up to £12.5 million ("C term loan"). The C term loan bears interest at LIBOR plus 2.50% per annum. In June 2014, Schuh Group Limited entered into an additional term loan of £12.5 million ("D term loan"). The D term loan bears interest at LIBOR plus 0.95% per annum. The D term loan was paid in the fourth quarter of Fiscal 2015. There were \$27.8 million in UK term loans outstanding at May 2, 2015. The UK Credit Facilities contain certain covenants at the Schuh level including a minimum interest coverage covenant initially set at 4.25x and increasing to 4.50x in January 2012 and thereafter, a maximum leverage covenant initially set at 2.75x declining over time at various rates to 2.25x beginning in July 2012 and a minimum cash flow coverage of 1.10x. The Company was in compliance with all the covenants at May 2, 2015. The UK Credit Facilities are secured by a pledge of all the assets of Schuh and its subsidiaries. The Company's UK Credit Facilities prohibit the payment of any dividends by Schuh or its subsidiaries to the Company.

In May 2015, Schuh Group Limited entered into a Form of Amended and Restated Facilities Agreement which would replace the current A, B and C term loans with a new Facility A of £17.5 million and a Facility B of £11.6 million as well as provide an additional revolving credit facility of £22.5 million.

There were no revolving credit borrowings during the three months ended May 2, 2015 and revolving borrowings averaged \$2.7 million during the three months ended May 3, 2014, as cash on hand, cash generated from operations and revolver borrowings primarily funded seasonal working capital requirements and capital expenditures for the first three months of each year.

There were \$14.8 million of letters of credit outstanding and no revolver borrowings outstanding under the Credit Facility at May 2, 2015. The Company is not required to comply with any financial covenants under the Credit Facility unless Excess Availability (as defined in the Credit Agreement) is less than the greater of \$25.0 million or 10.0% of the Loan Cap (as defined in the Credit Agreement). If and during such time as Excess Availability is less than the greater of \$25.0 million or 10.0% of the Loan Cap, the Credit Facility requires the Company to meet a minimum fixed charge coverage ratio of (a) an amount equal to consolidated EBITDA less capital expenditures and taxes paid in cash, in each case for such period, to (b) fixed charges for such period, of not less than 1.0:1.0. Excess Availability was \$385.2 million at May 2, 2015. Because Excess Availability exceeded \$25.0 million or 10.0% of the Loan Cap, the Company was not required to comply with this financial covenant at May 2, 2015.

The Credit Facility contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to certain other material indebtedness in excess of specified amounts and to agreements which would have a material adverse effect if breached, certain events of bankruptcy and insolvency, certain ERISA events, judgments in excess of specified amounts and change in control.

The Company's Credit Facility prohibits the payment of dividends and other restricted payments unless as of the date of the making of any Restricted Payment (as defined in the Credit Facility) or consummation of any Acquisition (as defined in the Credit Facility), (a) no Default (as defined in the Credit Facility) or Event of Default (as defined in the Credit Facility) exists or would arise after giving effect to such Restricted Payment or Acquisition, and (b) either (i) the Borrowers (as defined in the Credit Facility) have pro forma projected Excess Availability for the following six month period equal to or greater than 25% of the Loan Cap, after giving pro forma effect to such Restricted Payment or Acquisition, or (ii) (A) the Borrowers have pro forma projected Excess Availability for the following six month period of less than 25% of the Loan Cap but equal to or greater than 15% of the Loan Cap, after giving pro forma effect to the Restricted Payment or Acquisition, and (B) the Fixed Charge Coverage Ratio (as defined in the Credit Facility), on a pro-forma basis for the twelve months preceding such Restricted Payment or Acquisition, will be equal to or greater than 1.0:1.0 and (c) after giving effect to such Restricted Payment or Acquisition, the Borrowers are Solvent (as defined in the Credit Facility). The Company's management does not expect availability under the Credit Facility to fall below the requirements listed above during Fiscal 2016.

The Company's contractual obligations at May 2, 2015 remained flat compared to January 31, 2015.

Capital Expenditures

Total capital expenditures in Fiscal 2016 are expected to be approximately \$130 million. These include retail capital expenditures of approximately \$109 million to open approximately 28 Journeys stores, including eight in Canada, 30 Journeys Kidz stores, 22 Schuh stores, including four Schuh Kids stores, ten Johnston & Murphy shops and factory stores and 25 Lids Sports Group stores, including 20 Lids stores, with five stores in Canada, and five Lids Locker Room and Clubhouse stores, and to complete approximately 213 major store renovations. Also included in the \$109 million retail capital expenditures, is approximately \$29 million for a new office building for the Company's Lids Sport Group, distribution center improvements and computer hardware and software. The planned amount of capital expenditures in Fiscal 2016 for

wholesale operations and other purposes is approximately \$21 million, including approximately \$12.3 million for new systems.

Future Capital Needs

The Company expects that cash on hand, cash provided by operations and borrowings under its Credit Facility will be sufficient to support seasonal working capital and capital expenditure requirements during Fiscal 2016. In addition to the seasonal working capital requirements, the Company expects to pay approximately \$72 million related to the Schuh earn-out, deferred purchase price and other acquisition related payments. The Company expects to fund these payments from a combination of cash on hand, cash generated from operations, U.K. Bank borrowings or borrowings under the Credit Facility during Fiscal 2016. The approximately \$10.5 million of costs associated with discontinued operations that are expected to be paid during the next twelve months are expected to be funded from cash on hand, cash generated from operations and borrowings under the Credit Facility during Fiscal 2016.

The Company had total available cash and cash equivalents of \$89.9 million, \$112.9 million and \$71.9 million as of May 2, 2015, January 31, 2015 and May 3, 2014, respectively, of which approximately \$4.2 million, \$25.2 million and \$17.6 million was held by the Company's foreign subsidiaries as of May 2, 2015, January 31, 2015 and May 3, 2014, respectively. The Company's strategic plan does not require the repatriation of foreign cash in order to fund its operations in the U.S., and it is the Company's current intention to permanently reinvest its foreign cash and cash equivalents outside of the U.S. If the Company were to repatriate foreign cash to the U.S., it would be required to accrue and pay U.S. taxes in accordance with applicable U.S. tax rules and regulations as a result of the repatriation.

Common Stock Repurchases

The Company did not repurchase any shares during the three months ended May 2, 2015 or May 3, 2014. The Company has \$60.9 million remaining under its current \$75.0 million share repurchase authorization.

Environmental and Other Contingencies

The Company is subject to certain loss contingencies related to environmental proceedings and other legal matters, including those disclosed in Note 8 to the Condensed Consolidated Financial Statements. The Company has made pretax accruals for certain of these contingencies, including approximately \$0.1 million and \$0.2 million for the first quarter of Fiscal 2016 and Fiscal 2015, respectively. These charges are included in provision for discontinued operations, net in the Condensed Consolidated Statements of Operations because they relate to former facilities operated by the Company. The Company monitors these matters on an ongoing basis and, on a quarterly basis, management reviews the Company's reserves and accruals in relation to each of them, adjusting provisions as management deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a reasonable estimate of the probable loss connected to the proceeding, or in cases in which no reasonable estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. However, because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, there can be no assurance that future developments will not require additional reserves, that some or all reserves may not be adequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company's financial condition or results of operations.

Financial Market Risk

The following discusses the Company's exposure to financial market risk related to changes in interest rates.

Outstanding Debt of the Company - The Company has \$27.8 million of outstanding U.K. term loans at a weighted average interest rate of 3.39% as of May 2, 2015. A 100 basis point increase in interest rates would increase annual interest expense by \$0.3 million on the \$27.8 million term loans.

Cash and Cash Equivalents - The Company's cash and cash equivalent balances are invested in financial instruments with original maturities of three months or less. The Company did not have significant exposure to changing interest rates on invested cash at May 2, 2015. As a result, the Company considers the interest rate market risk implicit in these investments at May 2, 2015 to be low.

Accounts Receivable - The Company's accounts receivable balance at May 2, 2015 is concentrated in two of its footwear wholesale businesses, which sell primarily to department stores and independent retailers across the United States and its Lids Team Sports wholesale business, which sells primarily to colleges and high school athletic teams and their fan bases. Including both footwear wholesale and Lids Team Sports wholesale business receivables, one customer accounted for 7%, two customers each accounted for 6%, while no other customer accounted for more than 5% of the Company's total trade receivables balance as of May 2, 2015. The Company monitors the credit quality of its customers and establishes an allowance for doubtful accounts based upon factors surrounding credit risk of specific customers, historical trends and other information, as well as customer specific factors; however, credit risk is affected by conditions or occurrences within the economy and the retail industry, as well as company-specific information.

Foreign Currency Exchange Risk - The Company is exposed to translation risk because certain of its foreign operations utilize the local currency as their functional currency and those financial results must be translated into United States dollars. As currency exchange rates fluctuate, translation of the Company's financial statements of foreign businesses into United States dollars affects the comparability of financial results between years.

Summary - Based on the Company's overall market interest rate exposure at May 2, 2015, the Company believes that the effect, if any, of reasonably possible near-term changes in interest rates on the Company's consolidated financial position, results of operations or cash flows for Fiscal 2016 would not be material.

New Accounting Principles

Descriptions of the recently issued accounting principles, if any, and the accounting principles adopted by the Company during the three months ended May 2, 2015 are included in Note 1 to the Condensed Consolidated Financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company incorporates by reference the information regarding market risk appearing under the heading “Financial Market Risk” in Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures.

The Company has established disclosure controls and procedures designed to ensure that information required to be disclosed by the Company, including its consolidated subsidiaries, in the reports it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is made known to the officers who certify the Company's financial reports and to other members of senior management. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving desired objectives.

Based on their evaluation as of May 2, 2015, the principal executive officer and principal financial officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within time periods specified in SEC rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting.

There were no changes in the Company's internal control over financial reporting that occurred during the Company's first quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company incorporates by reference the information regarding legal proceedings in Note 8 of the Company's Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

Item 6. Exhibits

Exhibits

(10) a.	Amendment and Restatement Agreement dated May 19, 2015 between Schuh Group Limited as parent and others as Borrowers and Guarantors, Lloyds Bank PLC as Arranger, Agent and Security Trustee.
(31.1)	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1)	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2)	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURE

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

Genesco Inc.

By: /s/ Mimi E. Vaughn

Mimi E. Vaughn

Senior Vice President - Finance and

Chief Financial Officer

Date: June 11, 2015

AMENDMENT AND RESTATEMENT AGREEMENT

dated 19 May 2015

between

**SCHUH GROUP LIMITED
as Parent**

and others as Borrowers and Guarantors

**LLOYDS BANK PLC
as Arranger**

**LLOYDS BANK PLC
as Agent**

and

**LLOYDS BANK PLC
as Security Trustee**



**Dickson Minto W.S.
Edinburgh**

THIS AGREEMENT is dated 19 May 2015 and made between:

- (1) **SCHUH GROUP LIMITED**, a company incorporated in Scotland with registered number SC379625 and having its registered office at 1 Neilson Square, Deans Industrial Estate, Livingston, West Lothian EH54 8RQ (the "**Parent**");
- (2) **THE SUBSIDIARIES** of the Parent listed in Part I of Schedule 1 as borrowers (the "**Borrowers**");
- (3) **THE SUBSIDIARIES** of the Parent listed in Part II of Schedule 1 as guarantors (the "**Guarantors**");
- (4) **LLOYDS BANK PLC** (in this capacity the "**Arranger**");
- (5) **LLOYDS BANK PLC** (in this capacity the "**Original Lender**");
- (6) **LLOYDS BANK PLC** as agent of the other Finance Parties (the "**Agent**"); and
- (7) **LLOYDS BANK PLC** as security trustee for the Secured Parties (the "**Security Trustee**").

WHEREAS:

- (A) The Parent, the Guarantors, the Borrowers, the Agent, the Arranger, the Security Trustee and the Original Lender entered into a senior term facilities agreement dated 10 November 2010 as amended and restated on 23 June 2011, 1 November 2013 and on 19 June 2014 (as amended, restated, novated or varied from time to time the "**Facilities Agreement**") in terms of which certain facilities were made available to the Borrowers (as defined therein);
- (B) the parties wish to amend and restate the Facilities Agreement in accordance with the terms of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1. In this Agreement:

"Amended and Restated Facilities Agreement" means the Facilities Agreement as amended and restated in the form set out in Schedule 3 (Form of Amended and Restated Facilities Agreement).

"Effective Date" means the date on which the Agent confirms in writing to the Parent that it has received (or has waived the requirement to receive) the documents and/or evidence listed in Schedule 2 (Conditions Precedent), in each case in form and substance satisfactory to the Agent.

"Resigning Obligor" means Schuh (ROI) Limited, a company incorporated in the Republic of Ireland with Registered Number 272987.

1.2. In this Agreement a term defined in the Facilities Agreement has the same meaning when used in this Agreement and Clause 1 (Definitions and Interpretation) of the

Facilities Agreement shall apply hereto except that references in such Clause to the Facilities Agreement are to be construed as references to this Agreement.

- 1.3. Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Agreement. Notwithstanding any term of any Finance Document, the consent of any person who is not a party to this Agreement is not required to rescind or vary this Agreement at any time.

1. AMENDMENT OF THE FACILITIES AGREEMENT AND NOVATION

- 1.4. With effect from the Effective Date, the Facilities Agreement shall be amended and restated in the form set out as Schedule 3 to this Agreement.

- 1.5. Subject to the terms of this Agreement, the Facilities Agreement shall remain in full force and effect. With effect from the Effective Date, this Agreement and the Facilities Agreement shall be read and construed as one document and all references in the Facilities Agreement and in each of the Finance Documents to the Facilities Agreement shall be read and construed as references to the Amended and Restated Facilities Agreement.

- 1.6. Save to the extent expressly provided in this Agreement, the Finance Documents shall remain in full force and effect.

- 1.7. If the Effective Date has not occurred by 5pm (UK time) on 21 May 2015, this Agreement shall lapse and shall cease to have any effect other than Clause 5 (Fees and expenses) which shall remain in full force and effect.

- 1.8. The parties to this Agreement hereby confirm and agree that:

- (i) amounts drawn under Facility A and Facility B of the Facilities Agreement in the form operative immediately prior to the Effective Date shall be deemed to be drawn under Facility A of the Amended and Restated Facility Agreement and any such amounts drawn by Holdings shall be novated as at the Effective Date to be owed by the Parent so that as at the Effective Date:

- (A) Holdings transfers by novation to the Parent, and the Parent shall accept the transfer by novation of, all the rights, liabilities, duties and obligations of Holdings under and in respect of all amounts drawn by Holdings under Facility A and Facility B of the Facilities Agreement in the form operative immediately prior to the Effective Date, being an aggregate principal amount of £5,783,471 as at the date hereof (the "Novated Debt");
- (B) the Parent shall acquire rights, title, interest and benefits in and to the Novated Debt which are identical in character to the entire rights, title, interest and benefits in and to the Novated Debt which Holdings had in its capacity as Borrower prior to the Effective Date;

- (C) the Parent undertakes to (i) perform the obligations of Holdings in respect of the Novated Debt which are identical in character to the obligations in respect of the Novated Debt which Holdings had in its capacity as Borrower prior to the Effective Date and (ii) be bound by the terms of the Finance Documents in every way as if Parent were and had been prior to the Effective Date party to the Facilities Agreement as the Borrower in respect of the Novated Debt; and
- (D) the Parent agrees that with effect from and including the Effective Date it shall repay the Novated Debt and pay all interest, fees and other amounts owing in respect of the Novated Debt, in each case to the Lenders on the due dates in accordance with the terms of the Amended and Restated Facilities Agreement; and

- (ii) amounts drawn under Facility C of the Facilities Agreement in the form operative immediately prior to the Effective Date shall be deemed to be drawn under Facility B of the Amended and Restated Facility Agreement,

in each case on and with effect from the Effective Date. For the avoidance of doubt, it is acknowledged that Facility D of the Facilities Agreement in the form operative immediately prior to the Effective Date has been repaid in full prior to the Effective Date.

2. CONSENTS

The Agent (on behalf of the Lenders) hereby consents with effect from the Effective Date to Genesco Inc. lending £5,500,000 to the Company provided that such debt obligation is replaced by a debt obligation owed by the Company to the UK Acquisition Company within 10 Business Days after the Effective Date.

3. REPRESENTATIONS AND WARRANTIES

- 3.1. Each Obligor represents and warrants to each Finance Party on the date of this Agreement and on the Effective Date in terms of the Repeating Representations, in each case as if references to "this Agreement" and "the Finance Documents" in those representations are construed as references to this Agreement and (on the Effective Date) the Amended and Restated Facilities Agreement.
- 3.2. Each Obligor represents and warrants to the Agent and the other Finance Parties on the date of this Agreement and on the Effective Date that:
 - (i) the Parent has complied with the terms of Clause 22 (Financial Covenants) of the Facilities Agreement at all times prior to the date hereof; and
 - (ii) on each date within the next 12 months on which any of the financial covenants contained in Clause 22 (Financial Covenants) of the Facilities Agreement falls to be tested, the Parent shall comply with the terms of Clause 22 (Financial Covenants) of the Facilities Agreement.

4. FEES AND EXPENSES

- 4.1. The Parent shall promptly on demand pay to the Agent and the Security Trustee the amount of all costs and expenses (together with any VAT or similar taxes thereon) reasonably incurred by them or by the Lenders in connection with this Agreement and the documents contemplated by this Agreement (including, without limitation, legal fees).
- 4.2. The Parent shall pay to the Arranger on the Effective Date an arrangement fee of £400,000.

5. PRESERVATION OF GUARANTEES AND SECURITY

Each Obligor (other than the Resigning Guarantor):

- (i) confirms its consent to the amendment and restatement of the terms of the Facilities Agreement as contemplated by this Agreement; and
- (ii) confirms that the Transaction Security Documents granted by it on or prior to the date of this Agreement, the guarantee granted by it pursuant to Clause 19 (Guarantee and Indemnity) of the Facilities Agreement and the security rights constituted or evidenced by the Transaction Security Documents are and remain in full force and effect and apply as from the Effective Date to, inter alia, the Amended and Restated Facilities Agreement and the guarantees granted pursuant to Clause 19 (Guarantee and Indemnity) of the Facilities Agreement will continue to be legal, valid, binding and enforceable in accordance with their respective terms.

6. RESIGNATION OF RESIGNING GUARANTOR

The Parent (on its own behalf and on behalf of the Resigning Guarantor in its capacity as Obligors' Agent) and the other Parties agree that the Resigning Guarantor shall resign as a Guarantor and shall cease in such capacity to be party to the Amended and Restated Facilities Agreement with effect from the Effective Date and shall cease to be bound in such capacity by its terms.

7. GENERAL

- 7.1. The provisions of Clauses 36 (Remedies and Waivers), 35 (Partial Invalidity), 33 (Notices) and 43 (Enforcement) of the Facilities Agreement shall be deemed to be incorporated in this Agreement (with such conforming amendments as the context requires) as if set out in this Agreement.
- 7.2. Neither the execution of this Agreement nor the making of any amount available under the Facilities Agreement or the Amended and Restated Facilities Agreement amounts to a waiver of any outstanding Event of Default.
- 7.3. This Agreement is designated by the Parent and the Agent as a Finance Document.
- 7.4. Each Obligor hereby confirms that the amendment and restatement of the Facilities Agreement pursuant to this Agreement is an amendment and restatement within the contemplation of the Finance Documents.
- 7.5. The Parent shall, and shall procure that each other Obligor will, at the request of the Agent and at its own expense, do all such acts and things necessary to give effect to the amendments effected or to be effected pursuant to this Agreement.

8. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

9. GOVERNING LAW

This Agreement is, and any non-contractual obligations arising out of or in connection with it are, governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1**PART I
THE BORROWERS**

Schuh Group Limited (Reg. No. SC379625)

Schuh (Holdings) Limited (Reg. No. SC265833)

Schuh Limited (Reg. No. SC125327)

**PART II
THE GUARANTORS**

Schuh Group Limited (Reg. No. SC379625)

Schuh (Holdings) Limited (Reg. No. SC265833)

Schuh Limited (Reg. No. SC125327)

SCHEDULE 2

CONDITIONS PRECEDENT

1. **Obligors**

- (a) A copy of the Constitutional Documents and of the constitutional documents of each other Obligor, or a certificate of an authorised signatory of the Parent confirming that there has been no change to such documents since 19 June 2014.
- (b) A copy of a resolution of the board or, if applicable, a committee of the board of directors of each Obligor:
 - (i) approving the terms of, and the transactions contemplated by, this Agreement and resolving that it execute, deliver and perform this Agreement;
 - (ii) authorising a specified person, on its behalf to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with this Agreement.
- (c) A certificate of an authorised signatory of the Parent certifying that each copy document relating to it specified in this Schedule 2 is true and complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. **Legal Opinions**

Legal opinions of Dickson Minto W.S., legal advisers to the Agent as to Scots law and English law each addressed to the Finance Parties.

3. **Other documents and evidence**

- (a) This Agreement executed by the Obligors.
- (b) An updated copy of the Group Structure Chart.
- (c) A list of the directors of the Parent as at the Effective Date.
- (d) Any information and evidence required by the Finance Parties in respect of any Obligor to comply with its know your customer or anti money laundering procedures.
- (e) A copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Parent accordingly) in connection with the entry into and performance of the transactions contemplated by this Agreement or for the validity and enforceability of this Agreement.
- (f) An updated business plan and financial projections in form and substance satisfactory to the Agent.

- (g) Evidence satisfactory to the Agent that there has been no material and adverse change in the financial condition of any member of the Group since the date of the most recent audited consolidated financial statements which have been delivered to the Agent in accordance with clause 21.1(a) of the Facilities Agreement.
- (h) Evidence satisfactory to the Agent that the Parent is in compliance with clause 23.35 (Guarantors) of the Amended and Restated Facilities Agreement as at the Effective Date.
- (i) The Ranking Agreement.
- (j) The Original Financial Statements.
- (k) Confirmation to the Agent that the £5,500,000 promissory note originally issued by Schuh Limited to Genesco Inc. will be owed by Schuh Limited to Genesco (UK) Limited within 10 Business Days of the Effective Date.
- (l) Confirmation by the Parent to the Agent of all amounts due by it or any of its Subsidiaries to Genesco Inc. or any of its Subsidiaries (other than the Parent and its Subsidiaries) as at the Effective Date.

SCHEDULE 3
FORM OF AMENDED AND
RESTATED FACILITIES AGREEMENT

£51,562,500

FACILITIES AGREEMENT

for

SCHUH GROUP LIMITED
as Parent

arranged by

LLOYDS BANK PLC
as Mandated Lead Arranger

with

LLOYDS BANK PLC
acting as Agent

and

LLOYDS BANK PLC
acting as Security Trustee

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THIS AGREEMENT is the amended and restated form of a facility agreement originally dated 10 November 2010 and as amended and restated on 1 November 2013, 19 June 2014 and 19 May 2015 and in its amended and restated form is made between:

- (1) **SCHUH GROUP LIMITED** a company incorporated in Scotland with registered number SC379625 and with its registered office at 5th Floor, Quartermile Two, 2 Lister Square, Edinburgh EH3 9GL (the "**Parent**");
- (2) **THE SUBSIDIARY** of the Parent listed in Part I of Schedule 1 (The Original Parties) as borrower (together with the Parent being the "**Borrowers**");
- (3) **THE SUBSIDIARIES** of the Parent listed in Part I of Schedule 1 (The Original Parties) as guarantors (together with the Parent, the "**Guarantors**");
- (4) **LLOYDS BANK PLC** with registered number 00002065 and having its registered office at 25 Gresham Street, London EC2V 7HN as mandated lead arranger (the "**Arranger**");
- (5) **THE FINANCIAL INSTITUTIONS** listed in Part II of Schedule 1 (The Original Parties) as lenders (the "**Original Lenders**");
- (6) **LLOYDS BANK PLC** with registered number 00002065 and having its registered office at 25 Gresham Street, London EC2V 7HN as agent of the other Finance Parties (the "**Agent**"); and
- (7) **LLOYDS BANK PLC** with registered number 00002065 and having its registered office at 25 Gresham Street, London EC2V 7HN as security trustee for the Secured Parties (the "**Security Trustee**").

IT IS AGREED as follows:

SECTION 1
INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

In this Agreement:

"Acceptable Bank" means:

- (a) a bank or financial institution duly authorised under applicable laws to carry on the business of banking (including, without limitation, the business of making deposits) which is approved in writing by the Agent; or
- (b) any Finance Party.

"Accession Letter" means a document substantially in the form set out in Schedule 7 (Form of Accession Letter).

"Accounting Period" means each of the twelve periods in any Financial Year for which the Parent is to prepare monthly management accounts for the purposes of this Agreement.

"Accounting Principles" means generally accepted accounting principles in the UK, including IFRS.

"Accounting Reference Date" means the accounting reference date for the purposes of section 391 of the Companies Act 2006, being 31 January in the case of each member of the Group, (with their financial year ending not more than 7 days after, or less than 7 days before, such date).

"Acquisition Agreement" means the sale and purchase agreement dated on or about the Restatement Date setting out the terms on which the UK Acquisition Company is to acquire the shares in the Parent.

"Additional Borrower" means a company which becomes a Borrower in accordance with Clause 26 (Changes to the Obligors).

"Additional Guarantor" means a company which becomes a Guarantor in accordance with Clause 26 (Changes to the Obligors).

"Additional Livingston Property" means the subjects known as 240 (and formerly known as Plot D, Phase II), J4M8 Distribution Park, Bathgate, EH48 2EA being the subjects (IN THE FIRST PLACE) registered in the Land Register of Scotland under Title Number WLN39760; and (IN THE SECOND PLACE) the subjects at J4M8 Distribution Park lying to the north west of Inchmuir Road, Whitehill Industrial Estate, by Bathgate, shown tinted pink on the plan 2 contained in Schedule 4 and forming part of the subjects registered under Title Number WLN6795.

"Additional Obligor" means an Additional Borrower or an Additional Guarantor.

"Additional Standard Security" means the standard security by the Company in favour of the Security Trustee in respect of the Additional Livingston Property dated on or around the Second Restatement Date.

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"Amendment and Restatement Agreement" means the amendment and restatement agreement in respect of this Agreement dated on the Restatement Date.

"Annual Financial Statements" means the financial statements for a Financial Year delivered pursuant to paragraph (a) of Clause 21.1 (Financial Statements).

"Anti-Corruption Laws" means all laws, rules and regulations of any jurisdiction applicable to any Obligor from time to time concerning or relating to bribery, money-laundering or corruption.

"Assignment Agreement" means an agreement substantially in the form set out in Schedule 6 (Form of Assignment Agreement) or any other form agreed between the relevant assignor and assignee.

"Auditors" means one of PricewaterhouseCoopers, Ernst & Young, KPMG, Deloitte & Touche or such other firm approved in advance by the Majority Lenders (such approval not to be unreasonably withheld or delayed).

"Authorisation" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"Availability Period" means, in respect of Facility A and Facility B, the period from and including the date of this Agreement to and including the Fourth Restatement Date and, in respect of Facility C, the period from and including the Fourth Restatement Date to the Termination Date in respect of Facility C.

"Available Commitment" means, in relation to a Facility, a Lender's Commitment under that Facility minus (subject as set out below):

- (a) the amount of its participation in any outstanding Utilisations under that Facility; and
- (b) in relation to any proposed Utilisation, the amount of its participation in any other Utilisations that are due to be made under that Facility on or before the proposed Utilisation Date,

other than, in relation to any proposed Utilisation under Facility C only, that Lender's participation in any Facility C Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date.

"Available Facility" means, in relation to a Facility, the aggregate for the time being of each Lender's Available Commitment in respect of that Facility.

"Borrower" means a Borrower listed in Part I of Schedule 1 (the Original Parties) or an Additional Borrower unless it has ceased to be a Borrower in accordance with Clause 26 (Changes to the Obligors).

"Break Costs" means the amount (if any) by which:

- (a) the interest (excluding Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan

or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"Budget" any budget delivered by the Parent to the Agent pursuant to Clause 21.4 (Budget).

"Business Acquisition" means the acquisition of a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company.

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

"Business Plan" means the business plan prepared by the Parent and delivered to the Agent on or around 23 July 2010 including the agreed form financial projections of the Group.

"Capital Expenditure" means any expenditure or obligation (other than expenditure or obligations in respect of Business Acquisitions) in respect of expenditure which, in accordance with the Accounting Principles, is treated as capital expenditure (and including the capital element of any expenditure or obligation incurred in connection with a Finance Lease).

"Cash" means, at any time, cash in hand or at bank or amounts on deposit with a Lender (which, for the avoidance of any doubt, includes any cash held by way of cash cover for any reason) which are freely transferable and freely convertible and accessible by a member of the Group within 7 days together with (without double counting) cash in transit and in any such case is not subject to any Security (other than the Transaction Security).

"Cashflow" has the meaning given to that term in Clause 22.2 (Financial definitions).

"Change of Control" means (A) any person or group of persons acting in concert gains direct or indirect control of Genesco Inc. after the Restatement Date, (B) Genesco Inc. ceases to have legal and beneficial ownership of the entire issued share capital of UK Acquisition Company, (C) UK Acquisition Company ceases to have legal and beneficial ownership of the entire issued share capital of the Parent or (D) any person or group of persons acting in concert gains direct or indirect control of the Parent after the Restatement Date. For the purposes of this definition:

- (a) **"control"** of the Parent means:

- (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

- (A) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Parent; or
 - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Parent; or
 - (C) give directions with respect to the operating and financial policies of the Parent with which the directors or other equivalent officers of the Parent are obliged to comply; and/or
- (ii) the holding beneficially of more than 50% of the issued share capital of the Parent (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital);
- (b) **"control"** of Genesco Inc. means:
- (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right being an "option right") directly or indirectly, of more than 50% of the equity securities of Genesco Inc. entitled to vote for members of the board of directors or equivalent governing body of Genesco Inc. on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); and/or
 - (ii) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent body of Genesco Inc. cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in paragraph (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in paragraphs (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body;
- (c) **"acting in concert"** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Parent by any of them, either directly or indirectly, to obtain or consolidate control of the Parent.

"Charged Property" means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

"Commitment" means a Facility A Commitment, a Facility B Commitment or a Facility C Commitment.

"Collateral Warranty Assignment" means the assignment in security granted by the Company in favour of the Security Trustee of the contractor's collateral warranty dated 17 February 2011 between RP IOM GP Limited and RP IOM Nominees Limited and Twintec Limited, as assigned to the Company on or around the Second Restatement Date.

"Company" means Schuh Limited, a company incorporated in Scotland with registered number SC125327 and with its registered office at 1 Neilson Square, Deans Industrial Estate, Livingston EH54 8RQ.

"Compliance Certificate" means a certificate substantially in the form set out in Schedule 9 (Form of Compliance Certificate).

"Confidential Information" means all information relating to the Parent, the Company, any Obligor, the Group, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

- (a) any member of the Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 38 (Confidentiality); or
- (ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers;
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

"Confidentiality Undertaking" means a confidentiality undertaking substantially in a recommended form of the LMA or in any other form agreed between the Parent and the Agent.

"Constitutional Documents" means the certificate of incorporation, the certificate of incorporation on change of name (if any) and the memorandum and articles of association of the Parent.

"CTA" means the Corporation Tax Act 2009.

"Deal Costs" means all fees, costs and expenses, stamp, registration and other Taxes incurred by the Parent or any other member of the Group in connection with the Transaction Documents.

"Debt Purchase Transaction" means, in relation to a person, a transaction where such person:

- (i) purchases by way of assignment or transfer;
- (ii) enters into any sub-participation in respect of; or
- (iii) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,

any Commitment or amount outstanding under this Agreement.

"Default" means an Event of Default or any event or circumstance specified in Clause 24 (Events of Default) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Defaulting Lender" means any Lender:

- (a) which has failed to make its participation in a Loan available or has notified the Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (Lenders' participation);
- (b) which has rescinded or repudiated a Finance Document; or
- (c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; and
 payment is made within 5 Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question;
- (iii) it is unlawful in any relevant jurisdiction for the Lender to make that payment (provided that this shall not prejudice the rights of the Borrowers under Clause 7.1 (Illegality));
- (iv) the failure to make that payment is caused by the negligence or wilful default of a third party beyond its control;
- (v) the failure to make that payment is caused by an administrative or technical error experienced by a third party beyond its control; or

- (vi) the Agent is an Impaired Agent and a Borrower has failed to notify the Lenders by giving not less than 3 Business Days prior notice of alternative arrangements for that payment.

"Delegate" means any delegate, agent, attorney or co-trustee appointed by the Security Trustee.

"Disruption Event" means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"Dormant Subsidiary" means a member of the Group which does not trade (for itself or as agent for any person) and does not own, legally or beneficially, assets (including, without limitation, indebtedness owed to it) which in aggregate have a value of £5,000 or more or its equivalent in other currencies.

"Environment" means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

"Environmental Claim" means any claim, proceeding, notice or investigation by any person in respect of any Environmental Law.

"Environmental Law" means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or

- (c) any emission, generation, handling, storage, disposal, removal, use, release, spillage or discharge of any substance which, alone or in combination with any other, is capable of causing harm to the Environment including, without limitation, any waste.

"Environmental Permits" means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

"Escrow Account" means an interest-bearing account:

- (a) held in Scotland by a Borrower with the Agent or the Security Trustee;
 - (b) identified in a letter between the Parent and the Agent as the Escrow Account;
 - (c) subject to Security in favour of the Security Trustee, which Security is in form and substance satisfactory to the Agent and the Security Trustee; and
 - (d) from which no withdrawals may be made by any members of the Group except as contemplated by this Agreement,
- (as the same may be re-designated, substituted or replaced from time to time).

"Escrow Account Certificate" means, in respect of any Quarter Date, a certificate signed by two directors of the Parent (one of whom must be the chief financial officer of the Group) confirming that as at such Quarter Date:

- (a) no Default is continuing;
- (b) the Parent has complied with each of the financial covenants set out in Clause 22.2 (Financial condition) on each Quarter Date up to and including the date of the relevant Escrow Account Certificate provided that, in the case of each Quarter Date occurring after the Relevant Quarter Date (as defined in Clause 22.4(a)), no account is taken of any New Shareholder Injection; and
- (c) the Parent will comply with each of the financial covenants set out in Clause 22.2 (Financial condition) on each of the two Quarter Dates falling after the Quarter Date as at which the relevant Escrow Account Certificate is given, and attaching such supporting evidence as the Agent may reasonably request in connection with such confirmation provided that in the case of each of such Quarter Dates no account is taken of any New Shareholder Injection.

"Event of Default" means any event or circumstance specified as such in Clause 24 (Events of Default).

"Existing Retail Facilities" means the retail and merchant service facilities currently provided by Lloyds Cardnet to the Group.

"Facility" means Facility A, Facility B or Facility C and **"Facilities"** means all or any of them as the context requires.

"Facility A" means the term loan facility made available under this Agreement as described in paragraph (a)(i) of Clause 2.1 (The Facilities).

"Facility A Commitment" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading **"Facility A Commitment"** in Part II of Schedule 1 (The Original Parties) and the amount of any other Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase); and
- (b) in relation to any other Lender, the amount of any Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase),

to the extent not cancelled, reduced or transferred by it under this Agreement.

"Facility A Loan" means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

"Facility A Repayment Date" means each date set out in paragraph (a) of Clause 6.1 (Repayment of Term Loans).

"Facility A Repayment Instalment" means each of the repayment instalments set out in paragraph (a) of Clause 6.1 (Repayment of Term Loans) opposite the relevant Facility A Repayment Date.

"Facility B" means the term loan facility made available under this Agreement as described in paragraph (a)(ii) of Clause 2.1 (The Facilities).

"Facility B Commitment" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading **"Facility B Commitment"** in Part II of Schedule 1 (The Original Parties) and the amount of any other Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase); and
- (b) in relation to any other Lender, the amount of any Facility B Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase),

to the extent not cancelled, reduced or transferred by it under this Agreement.

"Facility B Loan" means a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan.

"Facility B Repayment Date" means each date set out in paragraph (b) of Clause 6.1 (Repayment of Term Loans).

"Facility B Repayment Instalment" means each of the repayment instalments set out in paragraph (b) of Clause 6.1 (Repayment of Term Loans) opposite the relevant Facility B Repayment Date.

"Facility C" means the revolving loan facility made available under this Agreement as described in paragraph (a)(iii) of Clause 2.1 (The Facilities).

"Facility C Commitment" means:

- (c) in relation to an Original Lender, the amount set opposite its name under the heading **"Facility C Commitment"** in Part II of Schedule 1 (The Original Parties) and the amount of any other Facility C Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase); and
- (d) in relation to any other Lender, the amount of any Facility C Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (Increase),

to the extent not cancelled, reduced or transferred by it under this Agreement.

"Facility C Loan" means a loan made or to be made under Facility C or the principal amount outstanding for the time being of that loan.

"Facility Office" means:

- (a) in respect of a Lender, the office or offices notified by that Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement; or
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

"Fee Letter" means any letter or letters dated on or about the date of this Agreement between the Arranger and the Parent (or the Agent and the Parent or the Security Trustee and the Parent) setting out any of the fees referred to in Clause 13 (Fees).

"Finance Document" means this Agreement, any Accession Letter, any Compliance Certificate, any Fee Letter, any Hedging Agreement, any Resignation Letter, any Selection Notice, the Subordination Agreements, any Transaction Security Document, any Utilisation Request, the Working Capital Facility Letter, the Ranking Agreement, the Amendment and Restatement Agreement, the Second Amendment and Restatement Agreement, the Third Amendment and Restatement Agreement, the Fourth Amendment and Restatement Agreement, any document entered into in respect of the Lloyds Retail Facilities and any other document designated as a **"Finance Document"** by the Agent and the Parent.

"Finance Lease" means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease.

"Finance Party" means the Agent, the Arranger, the Security Trustee, a Lender, the Working Capital Lender and Lloyds Bank plc (or any other member of the LBG Group) as provider of the Lloyds Retail Facilities.

"Financial Due Diligence Report" means the report by KPMG dated on or around the date of this Agreement relating to the Parent and its subsidiaries and addressed to, and/or capable of being relied upon by, Lloyds Bank plc as original lender.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of Finance Leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirement for de-recognition under the Accounting Principles);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before 30 September 2019 or are otherwise classified as borrowings under the Accounting Principles;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

"Financial Quarter" has the meaning given to that term in Clause 22.1 (Financial definitions).

"Financial Year" has the meaning given to that term in Clause 22.1 (Financial definitions).

"Flotation" means:

- (i) a successful application being made for the admission of any part of the share capital of any member of the Group to the Official List of the UK Listing Authority and the admission of any part of the share capital of any member of the Group to trading on the London Stock Exchange plc; or

- (ii) the grant of permission to deal with any part of the issued share capital of any member of the Group on AIM or the Main Board or Growth Board of the ICAP Securities & Derivatives Exchange Limited or on any recognised investment exchange (as that term is used in the Financial Services and Markets Act 2000) or in or on any exchange or market replacing the same or any other exchange or market in any country.

"Fourth Amendment and Restatement Agreement" means the amendment and restatement agreement in respect of this Agreement dated on or around 19 May 2015.

"Fourth Restatement Date" means the Effective Date as defined in the Fourth Amendment and Restatement Agreement.

"Funding Rate" means any individual rate notified by a Lender to the Agent pursuant to paragraph (a)(ii) of Clause 12.4 (Cost of funds).

"Funds Flow" means the funds flow delivered by the Parent to the Agent on or around the date of this Agreement in connection with the facilities being made available to the Group by the Finance Parties.

"Genesco Closing Schedule" means the schedule in the agreed form setting out the dates to which the Group will prepare Monthly Financial Statements after the Restatement Date.

"Group" means the Parent and each of its Subsidiaries for the time being.

"Group Structure Chart" means the group structure chart in the agreed form.

"Guarantor" means a Guarantor listed in Part I of Schedule 1 (the Original Parties) as a Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 26 (Changes to the Obligors).

"Hedging Agreement" means any master agreement, confirmation, schedule or other agreement in agreed form entered into or to be entered into by the Parent and a Lender for the purpose of hedging interest rate liabilities in relation to the Term Facilities in accordance with any Hedging Policy Letter.

"Hedging Policy Letter" means any letter entered into at any time by the Parent to the Agent setting out the proposed policy of the Group in relation to the hedging of its exposure to floating rates of interest.

"Holding Account" means an account:

- (a) held in Scotland by a member of the Group with the Agent or Security Trustee;
- (b) identified in a letter between the Parent and the Agent as a Holding Account; and
- (c) subject to Security in favour of the Security Trustee which Security is in form and substance satisfactory to the Security Trustee,

(as the same may be redesignated, substituted or replaced from time to time).

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"Holdings" means Schuh Holdings Limited (Registered No. SC265833).

"Investor" means the UK Acquisition Company.

"IFRS" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"Impaired Agent" means the Agent at any time when:

- (a) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of "Defaulting Lender";
- (b) an Insolvency Event has occurred and is continuing with respect to the Agent; or
- (c) the Agent rescinds or repudiates a Finance Document.

"Increase Confirmation" means a confirmation substantially in the form set out in Schedule 10 (Form of Increase Confirmation).

"Information Package" means the Reports, the Business Plan and the Funds Flow.

"Insolvency Event" in relation to a Finance Party means:

- (a) a Finance Party being dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) a Finance Party admits in writing its inability generally to pay its debts as they become due; or
- (c) the appointment of a liquidator, receiver, administrator, compulsory manager or similar officer in respect of that Finance Party or all or any material part of that Finance Party's assets or any analogous procedure or any formal step being taken in respect of any such appointment or procedure other than the presentation of a petition for any such appointment or procedure which is dismissed, stayed or discharged within 30 days.

"Insurance Adequacy Letter" means the letter from Aon addressed to the Finance Parties dated on or around the date of this Agreement in respect of the insurance provision of the Group.

"Intellectual Property" means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, know how and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group (which may now or in the future subsist).

"Interest Period" means, in relation to a Loan, each period determined in accordance with Clause 11 (Interest Periods) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 10.3 (Default interest).

"Interpolated Screen Rate" means, in relation to LIBOR for any Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,

each as of 11.00 a.m. on the Quotation Day for the currency of that Loan.

"ITA" means the Income Tax Act 2007.

"Joint Venture" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"LBG Group" means Lloyds Banking Group plc and its Subsidiaries from time to time.

"Legal Reservations" means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) the principle that any additional interest imposed under any relevant agreement may be held to be unenforceable on the grounds that it is a penalty and thus void;
- (d) the principle that an English court may not give effect to an indemnity for legal costs incurred by an unsuccessful litigant;
- (e) the principle that in certain circumstances security granted by way of fixed charge may be characterised as a floating charge or that security purported to be constituted by way of an assignment may be recharacterised as a charge;
- (f) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (g) any other matters which are set out as qualifications or reservations as to matters of law (but not of fact) expressed in any legal opinion required to be given by this Agreement.

"Lender" means:

- (a) any Original Lender; and

- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 25 (Changes to the Lenders),

which in each case has not ceased to be a Lender in accordance with the terms of this Agreement.

"LIBOR" means, in relation to any Loan:

- (a) the applicable Screen Rate as of 11.00 a.m. on the Quotation Day for sterling and for a period equal in length to the Interest Period of that Loan; or
- (b) as otherwise determined pursuant to Clause 12.1 (Unavailability of Screen Rate),

and if, in either case, that rate is less than zero, LIBOR shall be deemed to be zero.

"Limitation Acts" means the Limitation Act 1980, the Foreign Limitation Periods Act 1984, the Prescription and Limitation (Scotland) Act 1973, the Prescription and Limitation (Scotland) Act 1984 and any other enactment (whenever passed) relating to the prescription and/or limitation of actions and/or claims in any part of the United Kingdom.

"Livingston Property" means the heritable property situated at 1 Neilson Square, Deans Industrial Estate, Livingston EH54 8EQ (Title Number WLN1738).

"Lloyds Retail Facilities" means the retail and merchant services facilities (if any) provided to the Group by a member of the LBG Group from time to time.

"LMA" means the Loan Market Association.

"Loan" means a Term Loan or a Facility C Loan.

"Majority Lenders" means a Lender or Lenders whose Commitments aggregate more than $66\frac{2}{3}$ per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than $66\frac{2}{3}$ per cent. of the Total Commitments immediately prior to that reduction).

"Mandatory Prepayment Account" means an interest-bearing account:

- (a) held in Scotland by a Borrower with the Agent or Security Trustee;
- (b) identified in a letter between the Parent and the Agent as a Mandatory Prepayment Account;
- (c) subject to Security in favour of the Security Trustee which Security is in form and substance satisfactory to the Agent and Security Trustee; and
- (d) from which no withdrawals may be made by any members of the Group except as contemplated by this Agreement,

(as the same may be redesignated, substituted or replaced from time to time).

"Margin" means:

- (a) in relation to any Facility A Loan, one point eight per cent. (1.8%) per annum;
- (b) in relation to any Facility B Loan, two point five per cent. (2.5%) per annum;
- (c) in relation to any Facility C Loan, two point two per cent. (2.2)% per annum;
- (d) in relation to any Unpaid Sum relating or referable to a Facility, the rate per annum specified above for that Facility;
- (e) in relation to any other Unpaid Sum, the highest rate specified above; and
- (f) if at any time a breach of the terms of Clause 22 (Financial Covenants) is continuing each of the rates referred to in (a) to (f) (inclusive) above will increase to two times the Margin which would otherwise be applicable to such amount for so long as such breach continues unwaived.

"Material Adverse Effect" means any event or circumstance which is in the opinion of the Majority Lenders (acting reasonably) materially adverse to:

- (a) the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole; or
- (b) the ability of an Obligor to perform its payment obligations under any of the Finance Documents and/or its obligations under Clause 22.2 (Financial condition) of this Agreement; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period. **"Monthly"** shall be construed accordingly.

"Monthly Financial Statements" means the financial statements delivered pursuant to paragraph (b) of Clause 21.1 (Financial Statements).

"Non-Consenting Lender" has the meaning given to that term in Clause 37.4 (Replacement of Lender).

"Obligor" means a Borrower or a Guarantor.

"Obligors' Agent" means the Parent, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.4 (Obligors' Agent).

"Original Financial Statements" means:

- (a) in relation to the Parent, the audited consolidated financial statements of the Group for its financial year ended 31 January 2015 and the unaudited management accounts for the Accounting Period which ended on 2 May 2015; and
- (b) in relation to any other Obligor, its audited financial statements delivered to the Agent as required by Clause 26 (Changes to the Obligors).

"Participating Member State" means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

"Party" means a party to this Agreement.

"Perfection Requirements" means the making or the procuring of the appropriate registrations, filings, endorsements, notarisations, stampings and/or notifications of the Transaction Security Documents and/or the Transaction Security created thereunder.

"Permitted Acquisition" means:

- (a) an acquisition permitted in terms of Clause 23.29 (Capital Expenditure);
- (b) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal;
- (c) an acquisition of shares or securities pursuant to a Permitted Share Issue;
- (d) an acquisition approved in writing by the Majority Lenders.

"Permitted Bank Accounts" means each of the accounts held by Schuh (ROI) Limited with Ulster Bank (or such other bank notified by the Parent to the Agent from time to time) and the accounts held by Genesco Schuh GmbH with Commerzbank (or such other bank notified by the Parent to the Agent from time to time).

"Permitted Disposal" means any sale, lease, licence, transfer or other disposal which is on arms' length terms:

- (a) of trading stock or cash made by any member of the Group in the ordinary course of trading of the disposing entity;
- (b) of any asset by a member of the Group (the **"Disposing Company"**) to another member of the Group (the **"Acquiring Company"**), but if:

- (i) the Disposing Company is an Obligor, the Acquiring Company must also be an Obligor;
 - (ii) the Disposing Company had given Security over the asset, the Acquiring Company must give equivalent Security over that asset; and
 - (iii) the Disposing Company is a Guarantor, the Acquiring Company must be a Guarantor guaranteeing at all times an amount no less than that guaranteed by the Disposing Company;
- (c) of assets (other than shares, businesses, any Properties or any Intellectual Property) in exchange for other assets comparable or superior as to type, value or quality;
 - (d) of obsolete or redundant vehicles, plant and equipment for cash;
 - (e) arising as a result of any Permitted Security; and
 - (f) of assets (other than shares, businesses, any Properties or any Intellectual Property) for cash where the higher of the market value and net consideration receivable (when aggregated with the higher of the market value and net consideration receivable for any other sale, lease, licence, transfer or other disposal not allowed under the preceding paragraphs) does not exceed £200,000 (or its equivalent) in any Financial Year of the Parent.

"Permitted Financial Indebtedness" means Financial Indebtedness:

- (a) arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates where that foreign exchange exposure arises in the ordinary course of trade, but not a foreign exchange transaction for investment or speculative purposes;
- (b) arising under a Permitted Loan or a Permitted Guarantee or as permitted by Clause 23.30 (Treasury Transactions);
- (c) of any person acquired by a member of the Group after the date of this Agreement which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of three months following the date of acquisition;
- (d) under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed £100,000 (or its equivalent in other currencies) at any time;
- (e) arising under the Working Capital Facility Letter;
- (f) arising in respect of the Retail Facilities;
- (g) arising under a loan made by the UK Acquisition Company to any Obligor which is subordinated to the Facilities in accordance with the Subordination Agreements;

- (h) arising by way of a New Shareholder Injection;
- (i) arising under or pursuant to a promissory note originally issued by the Company to Genesco Inc. dated March 2015 (otherwise undated) in respect of the sum of £5,500,000 which is to be replaced within 10 Business Days after the Fourth Restatement Date by a debt obligation owed by Schuh Limited to the UK Acquisition Company plus accrued interest thereon; and
- (j) not permitted by the preceding paragraphs or as a Permitted Transaction and the outstanding principal amount of which does not exceed £100,000 (or its equivalent) in aggregate for the Group at any time.

"Permitted Guarantee" means:

- (a) the endorsement of negotiable instruments in the ordinary course of trade;
- (b) any performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade;
- (c) any guarantee permitted under Clause 23.19 (Financial Indebtedness);
- (d) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (b) of the definition of Permitted Security; or
- (e) the Guarantee (as defined in the Ranking Agreement).

"Permitted Joint Venture" means any investment in any Joint Venture where the Parent has obtained the prior written consent (not to be unreasonably withheld or delayed) of the Majority Lenders for the investment in that Joint Venture.

"Permitted Loan" means:

- (a) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities;
- (b) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, Permitted Financial Indebtedness (except under paragraph (c) of that definition);
- (c) a loan made by an Obligor to another Obligor or made by a member of the Group which is not an Obligor to another member of the Group;
- (d) a loan made by a member of the Group to an employee or director of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and directors by members of the Group does not exceed £100,000 (or its equivalent) at any time;
- (e) a loan made by the Parent or any of its wholly owned subsidiaries to the UK Acquisition Company in compliance with the terms of paragraph (b) of the definition of Permitted Payment; and
- (f) any other loan so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed £100,000 (or its equivalent) at any time.

"Permitted Merger" means:

- (a) an amalgamation, demerger, merger, consolidation or corporate reconstruction on a solvent basis of an Obligor where:
 - (i) all of the business and assets of that Obligor are retained by one or more other Obligor;
 - (ii) the surviving entity of that amalgamation, demerger, merger, consolidation or corporate reconstruction is liable for the obligations of the Obligor it has merged with and is incorporated in the same jurisdiction as that Obligor; and
 - (iii) the Agent and the Security Trustee are given thirty Business Days' notice by the Parent of that proposed amalgamation, demerger, merger, consolidation or corporate reconstruction and the Security Trustee, acting reasonably, is satisfied that the Finance Parties will enjoy the same or equivalent Security over the same assets and over that Obligor and the shares in it (or the shares of the surviving entity); or
- (b) an amalgamation, demerger, merger, consolidation or corporate reconstruction on a solvent basis of a member of the Group which is not an Obligor where all of the business and assets of that member remain within the Group; or
- (c) an amalgamation or merger between an Obligor and another entity in connection with a Permitted Acquisition where such Obligor is the surviving entity.

"Permitted Payment" means:

- (a) the payment of a dividend to the Parent or any of its wholly-owned Subsidiaries;
- (b) the payment of a dividend, the making of a loan or the repayment of a loan (other than in respect of the debt obligation referred to in paragraph (c) below) in each case by the Parent to the UK Acquisition Company provided that:
 - (i) no Event of Default would occur as a result of that loan, loan repayment and/or dividend;
 - (ii) the Parent provides to the Agent such information as the Agent may reasonably require so as to demonstrate to the Agent that:
 - (A) such loan and/or dividend and/or repayment would not cause a breach of the financial covenants under Clause 22 (Financial Covenants) of this Agreement in the period of 12 months following the making/repaying of such loan and/or payment of such dividend; and
 - (B) Leverage shall not exceed the ratio of 1:1 as at the end of each Relevant Period in the period of 12 months following the making/repaying of such loan and/or payment of such dividend;
- (c) the repayment by the Company to the UK Acquisition Company of the amounts outstanding under the promissory note originally issued in March 2015 by Schuh Limited to Genesco Inc. (which is to be replaced by a debt obligation in the

same amount payable by Schuh Limited to UK Acquisition Company within 10 Business Days after the Fourth Restatement Date) provided that such payment may only be made after 30 January 2016; or

- (d) the payment of any other dividend agreed between the Parent and the Lenders.

"Permitted Security" means:

- (a) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;
- (b) any netting or set-off arrangement entered into by any member of the Group with Lloyds Bank plc in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group but only so long as (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of members of the Group which are not Obligors and (ii) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of members of the Group which are not Obligors;
- (c) any Security or Quasi-Security over or affecting any asset acquired by a member of the Group after the date of this Agreement, if:
 - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Group;
 - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and
 - (iii) the Security or Quasi-Security is removed or discharged within three months of the date of acquisition of such asset;
- (d) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the date of this Agreement, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group, if:
 - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
 - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
 - (iii) the Security or Quasi-Security is removed or discharged within three months of that company becoming a member of the Group;
- (e) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group;

- (f) any Security or Quasi-Security arising as a consequence of any finance or capital lease permitted pursuant to paragraph (e) of the definition of "Permitted Financial Indebtedness";
- (g) any Security in favour of Bank of Scotland plc or any other member of the LBG Group by any member of the Group;
- (h) any Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by any member of the Group other than any permitted under paragraphs (a) to (g) above) does not exceed £100,000; or
- (i) the Noteholder Securities (as defined in the Ranking Agreement).

"Permitted Share Issue" means an issue of:

- (a) ordinary shares by the Parent to employees, paid for in full in cash upon issue and which by their terms are not redeemable and where such issue does not lead to a Change of Control of the Parent;
- (b) shares by a member of the Group which is a Subsidiary to its immediate Holding Company where (if the existing shares of the Subsidiary are the subject of the Transaction Security) the newly-issued shares also become subject to the Transaction Security on the same terms.

"Permitted Transaction" means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;
- (b) the solvent liquidation or reorganisation of any member of the Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to an Obligor; or
- (c) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arms' length terms.

"Properties" means the heritable or freehold properties owned by the Group at the date of this Agreement and any other freehold property acquired by a member of the Group after the date of this Agreement. A reference to **"Property"** is a reference to any of the Properties.

"Qualifying Lender" has the meaning given to that term in Clause 14 (Tax gross-up and indemnities).

"Quarter Date" has the meaning given to that term in Clause 22.1 (Financial Definitions).

"Quasi-Security" has the meaning given to that term in Clause 23.13 (Negative pledge).

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, the first day of that period.

"Ranking Agreement" means the ranking agreement dated on or around the Fourth Restatement Date and made between the Security Trustee, the Noteholder Security Trustee (as defined therein), Schuh Limited and Schuh (ROI) Limited.

"Receiver" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

"Reference Bank Quotation" means any quotation supplied to the Agent by a Reference Bank.

"Reference Bank Rate" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks:

- (a) (other than where paragraph (b) below applies) as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in sterling for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period; or
- (b) if different, as the rate (if any and applied to the relevant Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator.

"Reference Banks" means the principal London offices of Barclays Bank PLC, Bank of Scotland plc and The Royal Bank of Scotland plc or such other banks as may be appointed by the Agent in consultation with the Parent.

"Related Fund" in relation to a fund (the **"first fund"**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

"Relevant Jurisdiction" means, in relation to an Obligor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

"Relevant Period" has the meaning given to that term in Clause 22.2 (Financial definitions).

"Repayment Date" means a Facility A Repayment Date, the Facility B Repayment Date or a Facility C Repayment Date.

"Repeating Representations" means each of the representations set out in Clause 20.2 (Status) to Clause 20.7 (Governing law and enforcement) (inclusive), Clause 20.11 (No default), paragraphs (f) and (g) of Clause 20.13 (Original Financial Statements), Clause 20.19 (Ranking) to Clause 20.21 (Legal and beneficial ownership) (inclusive), Clause 20.28 (Centre of main interests and establishments) and Clause 20.30 (Sanctions and Anti Corruption Law).

"Reports" means the Financial Due Diligence Report and the Tax Letter.

"Resignation Letter" means a letter substantially in the form set out in Schedule 8 (Form of Resignation Letter).

"Restatement Date" means 22 June 2011.

"Retail Facilities" means the retail and merchant services facilities used by the Group from time to time (including, without limitation, the Existing Retail Facilities and the Lloyds Retail Facilities).

"Rollover Loan" means one or more Facility C Loans:

- (a) made or to be made on the same day that a maturing Facility C Loan is due to be repaid;
- (b) the aggregate amount of which is equal to or less than the amount of the maturing Facility C Loan; and
- (c) made or to be made to the same Borrower for the purpose of refinancing that maturing Facility C Loan.

"Sanctioned Country" means, at any time, a country or territory which is itself the subject of comprehensive country-wide or territory-wide Sanctions (including, but not limited to, at the date of the Fourth Amendment and Restatement Agreement, Cuba, Iran, North Korea, Sudan and Syria) and, for the avoidance of doubt, excluding a country or territory where Sanctions only target specific activities.

"Sanctioned Person" means, at any time, (i) any person listed in any Sanctions List or related list of designated persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or by the United Nations Security Council, the United Kingdom Government, the European Union (or any of its member states) or any other country to the extent recognised and implemented by any of the foregoing, (ii) any person operating, organised or resident in a Sanctioned Country or (iii) any person owned or controlled by any such person or persons.

"Sanctions" means the economic or trade sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by: (i) the United Kingdom Government; (ii) the United States Government; (iii) the United Nations; (iv) the European Union (or any of its member states); and (v) any other economic or trade sanctions laws, regulations, embargoes or restrictive measures imposed, administered, enacted or enforced by any other relevant sanctions authority, as recognised and implemented by any of the foregoing; and with regard to (i)-(v) above, the respective governmental institutions and agencies of any of the foregoing, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury ("**OFAC**"), the United States Department of State, and Her Majesty's Treasury ("**HMT**"), (together the "**Sanctions Authorities**").

"Sanctions List" means the "Specially Designated Nationals and Blocked Persons" list maintained by OFAC, the "Consolidated List of Financial Sanctions Targets" maintained by HMT, or any similar list maintained by any of the Sanctions Authorities.

"Screen Rate" means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period displayed (or any correction, recalculation or republication by the administrator if and only if such correct, recalculated or republished rate is lower) on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate). If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Parent and the Lenders.

"Second Amendment and Restatement Agreement" means the amendment and restatement agreement in respect of this Agreement dated on the Second Restatement Date.

"Second Restatement Date" means 1 November 2013.

"Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by an Obligor or by some other person) of each Obligor to the Finance Parties (or any of them) under each of the Finance Documents except for any obligation or liability which, if it were so included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law.

"Secured Parties" means each Finance Party from time to time and any Receiver or Delegate.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Selection Notice" means a notice substantially in the form set out in Part II of Schedule 3 (Requests) given in accordance with Clause 11 (Interest Periods) in relation to a Term Facility.

"Senior Management" means each and all of Colin Temple, Mark Crutchley, Kenneth Ball and David Spencer.

"Senior Management Event" means Colin Temple and Mark Crutchley cease (in the period of 24 months following the Fourth Restatement Date) to be employed by the Parent (as chief executive officer and chief financial officer of the Group respectively) (the date on which both of such individuals cease to be so employed being for these purposes the **"Trigger Date"**) and, following the presentation to the Lenders of the Group's alternative arrangements for the senior management of the Group (including, without limitation, the identity of the proposed new chief executive officer and chief financial officer of the Group) within 120 days of the Trigger Date, the Agent (acting on the instructions of the Majority Lenders, acting reasonably) does not provide a written consent to such cessation within 180 days of the Trigger Date. This definition shall also apply to any replacement person approved by the Agent in accordance with the terms

of this definition as if references in this Clause to Colin Temple or to Mark Crutchley were references to that replacement person.

"Standard Security" means the standard security by the Company in favour of the Security Trustee in respect of the Livingston Property dated on or around the date of this Agreement.

"Sterling" and the figure "£" means the lawful currency of the UK.

"Subordination Agreements" means the subordination agreement between the Borrower, UK Acquisition Company and the Security Trustee as security trustee for the Finance Parties dated 22 June, 23 June and 7 November 2011 and the subordination agreement between the Obligors, the UK Acquisition Company and the Security Trustee as security trustee for the Finance Parties dated on or around 10 Business Days after the Fourth Restatement Date.

"Subsidiary" means, in relation to any company, corporation or legal entity (a **"holding company"**), any company, corporation or legal entity:

- (a) which is controlled, directly or indirectly, by the holding company; or
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the holding company; or
- (c) which is a subsidiary of another subsidiary of the holding company,

and, for these purposes, a company, corporation or legal entity shall be treated as being controlled by another if that other company, corporation or legal entity is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"Tax Letter" means the letter dated on or around the date of this Agreement from KPMG to the Finance Parties in respect of the tax position of the Group.

"Taxes Act" means the Income and Corporation Taxes Act 1988.

"Term Facilities" means Facility A and Facility B and **"Term Facility"** means any of them as the context may require.

"Termination Date" means:

- (a) in relation to Facility A, 29 April 2017;
- (b) in relation to Facility B, 30 September 2019; and
- (c) in relation to Facility C, 30 September 2019.

"Term Loan" means a Facility A Loan or a Facility B Loan.

"Third Amendment and Restatement Agreement" means the amendment and restatement agreement in respect of this Agreement dated on the Third Restatement Date.

"Third Restatement Date" means 19 June 2014.

"Total Commitments" means the aggregate of the Total Facility A Commitments, the Total Facility B Commitments and the Total Facility C Commitments being £51,562,500 at the Fourth Restatement Date.

"Total Facility A Commitments" means the aggregate of the Facility A Commitments, being £17,500,000 at the Fourth Restatement Date.

"Total Facility B Commitments" means the aggregate of the Facility B Commitments, being £11,562,500 at the Fourth Restatement Date.

"Total Facility C Commitments" means the aggregate of the Facility C Commitments, being £22,500,000 at the Fourth Restatement Date.

"Trade Sale" means a disposal (whether in a single transaction or a series of related transactions) of all or substantially all of the business and assets of the Group.

"Transaction Documents" means the Acquisition Agreement, the Constitutional Documents and the Finance Documents.

"Transaction Security" means the Security created or expressed to be created in favour of the Security Trustee pursuant to the Transaction Security Documents.

"Transaction Security Documents" means each of floating charges in favour of the Security Trustee granted by the Parent, Holdings and the Company, each dated 10 November 2010, the share pledge in favour of the Security Trustee by Group over the shares in Holdings dated 10 November 2010, the share pledge in favour of the Security Trustee by Holdings over the shares in the Company dated 10 November 2010, the Standard Security, the Additional Standard Security, the Collateral Warranty Assignment and any document required to be delivered to the Agent under paragraph 13 of Part II of Schedule 2 (Conditions Precedent) together with any other any document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents.

"Transfer Certificate" means a certificate substantially in the form set out in Schedule 5 (Form of Transfer Certificate) or any other form agreed between the Agent and the Parent.

"Transfer Date" means, in relation to an assignment or transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

"Treasury Transactions" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

"**UK Acquisition Company**" means Genesco (UK) Limited (Reg. No. 7667223).

"**Unpaid Sum**" means any sum due and payable but unpaid by an Obligor under the Finance Documents.

"**Utilisation**" means a Loan.

"**Utilisation Date**" means the date on which a Utilisation is made.

"**Utilisation Request**" means a notice substantially in the form set out in Part 1 of Schedule 3 (Requests).

"**VAT**" means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

"**Working Capital Facility**" means the working capital facilities provided by the Working Capital Lender to various members of the Group pursuant to the terms of the Working Capital Facility Letter.

"**Working Capital Facility Letter**" means the working capital facility letter between each of the Parent, Holdings and the Company and Lloyds Bank plc dated on or around the Fourth Restatement Date or any other facility letter entered into from time to time between members of the Group and the Working Capital Lender setting out the terms on which working capital facilities (including any overdraft facility) are available to the Group.

"**Working Capital Lender**" means Lloyds Bank plc (or another member of the LBG Group) as provider of the Working Capital Facility.

1.2. Construction

- (a) Unless a contrary indication appears, a reference in this Agreement to:
- (i) the "**Agent**", the "**Arranger**", any "**Finance Party**", any "**Lender**", any "**Obligor**", any "**Party**", any "**Secured Party**", the "**Security Trustee**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents and, in the case of the Security Trustee, any person for the time being appointed as Security Trustee or Security Trustees in accordance with the Finance Documents;
 - (ii) a document in "**agreed form**" is a document which is previously agreed in writing by or on behalf of the Parent and the Agent or, if not so agreed, is in the form specified by the Agent;
 - (iii) "**assets**" includes present and future properties, revenues and rights of every description;
 - (iv) a "**Finance Document**" or a "**Transaction Document**" or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended or novated (however fundamentally) and includes (without limiting the generality of the foregoing) any variation, increase, extension or addition of or to any facility or amount made available under any such

document or any variation of the purposes for which such facility or amount may be available from time to time;

- (v) **"guarantee"** means (other than in Clause 19 (Guarantee and Indemnity)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
- (vi) **"indebtedness"** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (vii) a **"person"** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
- (viii) a **"regulation"** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being one with which it is customary to comply) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (ix) a provision of law is a reference to that provision as amended or re-enacted;
- (x) a time of day is a reference to London time; and
- (xi) the **"date of this Agreement"** shall be a reference to 10 November 2010.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default (other than an Event of Default) is **"continuing"** if it has not been remedied or waived and an Event of Default is **"continuing"** if it has not been remedied or waived.

1.3. Third party rights

(a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

SECTION 2

THE FACILITIES

2. THE FACILITIES

2.1. The Facilities

- (a) Subject to the terms of this Agreement, the Lenders make available:
 - (i) a Sterling term loan facility in an aggregate amount equal to the Total Facility A Commitments which will be made available to the Parent; and
 - (ii) a Sterling term loan facility in an aggregate amount equal to the Total Facility B Commitments which shall be made available to the Company; and
 - (iii) a Sterling revolving loan facility in an aggregate amount equal to the Total Facility C Commitments which shall be made available to the Company.

2.2. Increase

- (a) The Parent may by giving prior notice to the Agent by no later than the date falling 5 Business Days after the effective date of a cancellation of:
 - (i) the Available Commitments of a Defaulting Lender in accordance with Clause 7.5 (Right of cancellation in relation to a Defaulting Lender); or
 - (ii) the Commitments of a Lender in accordance with Clause 7.1 (Illegality),

request that the Commitments relating to any Facility be increased (and the Commitments relating to that Facility shall be so increased) in an aggregate amount of up to the amount of the Available Commitments or Commitments so cancelled as follows:

- (iii) the increased Commitments will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an "**Increase Lender**") selected by the Company (each of which shall not be a member of the Group nor an Investor nor an Affiliate of an Investor and which is further acceptable to the Agent (acting reasonably)) and each of which confirms its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
- (iv) each of the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;
- (v) each Increase Lender shall become a Party as a "**Lender**" and any Increase Lender and each of the other Finance Parties shall assume

obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;

- (vi) the Commitments of the other Lenders shall continue in full force and effect; and
 - (vii) any increase in the Commitments relating to a Facility shall take effect on the date specified by the Company in the notice referred to above or any later date on which the conditions set out in paragraph (b) below are satisfied.
- (b) An increase in the Commitments relating to a Facility will only be effective on:
- (i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender promptly on receipt on such Increase Confirmation; and
 - (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase:
 - (A) the Increase Lender entering into any intercreditor documentation required by the Agent and the Lenders (acting reasonably); and
 - (B) the performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender, the completion of which the Agent shall promptly notify to the Company and the Increase Lender.
- (c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (d) Unless the Agent otherwise agrees or the increased Commitment is assumed by an existing Lender, the Company shall, on the date upon which the increase takes effect, pay to the Agent (for its own account) a fee of £5,000 and the Company shall promptly on demand pay the Agent and the Security Trustee the amount of all costs and expenses (including legal fees) reasonably incurred by either of them and, in the case of the Security Trustee, by any Receiver or Delegate in connection with any increase in Commitments under this Clause 2.2.
- (e) The Parent may pay to the Increase Lender a fee in the amount and at the times agreed between the Parent and the Increase Lender in a Fee Letter.
- (f) Clause 25.4 (Limitation of responsibility of Existing Lenders) shall apply *mutatis mutandis* in this Clause 2.2 in relation to an Increase Lender as if references in that Clause to:
- (i) an "**Existing Lender**" were references to all the Lenders immediately prior to the relevant increase;

- (ii) the "**New Lender**" were references to that "**Increase Lender**"; and
- (iii) a "**re-transfer**" and "**re-assignment**" were references to respectively a "**transfer**" and "**assignment**".

2.3. Finance Parties' rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.4. Obligors' Agent

- (a) Each Obligor (other than the Parent) by its execution of this Agreement or an Accession Letter irrevocably appoints the Parent (acting through one or more authorised signatories) to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
 - (i) the Parent on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including, in the case of a Borrower, Utilisation Requests), to execute on its behalf any Accession Letter, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
 - (ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Parent,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or

other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

3. PURPOSE

3.1. Purpose

- (a) The Parent shall apply all amounts borrowed by it (either directly or which has been novated to be due by it) under Facility A towards the payment of certain sums due pursuant to or in connection with the Acquisition Agreement (including, without limitation, any amounts payable under any management incentive plan agreed thereunder), towards the refinance of certain facilities previously made available to it and certain of its Subsidiaries by any member of LBG Group and repay indebtedness due by the UK Acquisition Company to various of its former shareholders.
- (b) The Company shall apply all amounts borrowed by it under Facility B toward the financing of the acquisition of the Additional Livingston Property, a new sorter, restructuring costs and the conversion of existing warehouse premises to offices.
- (c) The Company shall apply all amounts borrowed by it under Facility C towards amounts payable under any management incentive plan agreed in respect of the Acquisition Agreement and for the general corporate purposes of that Borrower (excluding any Business Acquisition).

3.2. Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1. Initial conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (Lenders' participation) in relation to any Utilisation if on or before the Utilisation Date for that Utilisation, the Agent has received all of the documents and other evidence listed in Part I of Schedule 2 (Conditions precedent) in form and substance satisfactory to the Agent. The Agent shall notify the Parent and the Lenders promptly upon being so satisfied.

4.2. Further conditions precedent

Subject to Clause 4.1 (Initial conditions precedent), the Lenders will only be obliged to comply with Clause 5.4 (Lenders' participation), if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) in the case of a Rollover Loan, no Event of Default is continuing or would result from the proposed Loan and, in the case of any other Loan, no Default is continuing or would result from the proposed Utilisation; and
- (b) in relation to any Utilisation on the date of this Agreement, all the representations and warranties in Clause 20 (Representations) or, in relation to any other Utilisation, the Repeating Representations, to be made by each Obligor are true.

4.3. Maximum number of Utilisations

- (a) A Borrower (or the Parent) may not deliver a Utilisation Request if as a result of the proposed Utilisation seven or more Term Loans would be outstanding or four or more Facility C Loans would be outstanding.
- (b) A Borrower (or the Parent) may not request that a Facility A Loan be divided if, as a result of the proposed division, three or more Facility A Loans would be outstanding.
- (c) The Company (or the Parent) may not request that a Facility B Loan be divided.

SECTION 3

UTILISATION

5. UTILISATION – LOANS

5.1. Delivery of a Utilisation Request

A Borrower (or the Parent on its behalf) may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request not later than 10.00 a.m. one Business Day prior to the proposed Utilisation Date.

5.2. Completion of a Utilisation Request for Loans

- (a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:
 - (i) it identifies the Facility to be utilised;
 - (ii) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility;
 - (iii) the currency and amount of the Utilisation comply with Clause 5.3 (Currency and amount); and
 - (iv) the proposed Interest Period complies with Clause 11 (Interest Periods).
- (b) Multiple Utilisations may be requested in a Utilisation Request where the proposed Utilisation Date is the date of this Agreement. Only one Utilisation may be requested in each subsequent Utilisation Request.

5.3. Currency and amount

- (a) The currency specified in a Utilisation Request must be Sterling.
- (b) The amount of the proposed Utilisation must be:
 - (i) an amount equal to £6,607,000 for that part of Facility A which is to be drawn down by the Parent prior to the Fourth Restatement Date or, if less, the Available Facility;
 - (ii) an amount equal to £10,893,000 for that part of Facility A which is to be drawn down by the Parent on or after the Fourth Restatement Date or, if less, the Available Facility;
 - (iii) an amount equal to £11,562,500 for Facility B or, if less, the Available Facility; or
 - (iv) a minimum amount of £500,000 (or, if less, the Available Facility) during the Availability Period in respect of Facility C.

5.4. Lenders' participation

- (a) If the conditions set out in this Agreement have been met and subject to clause 6.2 (Repayment of Facility C Loans), each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.
- (c) The Agent shall notify each Lender of the amount of each Loan, the amount of its participation in that Loan and, in the case of a Facility C Loan and if different, the amount of that participation to be made available in accordance with Clause 31.1 (Payments to the Agent), in each case by not later than 12.00 pm one Business Day prior to the proposed Utilisation Date.

5.5. Limitations on Utilisations

A Term Facility or Facility C may only be utilised in accordance with the terms of this Agreement.

5.6. Cancellation of Commitment

- (a) The Facility A Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility A.
- (b) The Facility B Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility B.
- (c) The Facility C Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility C.

5.7. Clean down

The Parent shall ensure that:

- (a) the amount outstanding under Facility C in excess of £17,500,000 (net of any cancellation of the Available Facility in respect of Facility C); PLUS
- (b) the amount outstanding under the Working Capital Facility Letter; LESS
- (c) any amount of cash (other than cash held in a Holding Account or Mandatory Prepayment Account) held by wholly-owned members of the Group,

(as confirmed in a certificate signed by a director of the Parent provided to the Agent within 15 Business Days after the end of each Financial Year) shall not exceed zero for a period of not less than 10 successive days in each of its Financial Years. Not less than 9 months shall elapse between two such periods.

SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6. REPAYMENT

6.1. Repayment of Term Loans

- (a) The Borrowers shall repay the Facility A Loans in instalments by repaying on each Facility A Repayment Date the amount set out opposite that Facility A Repayment Date below:

Facility A Repayment Date	Repayment Instalment (£)
1 August 2015	2,000,000
31 October 2015	1,000,000
30 January 2016	4,750,000
30 April 2016	1,000,000
30 July 2016	2,000,000
29 October 2016	1,000,000
28 January 2017	4,750,000
29 April 2017	1,000,000

- (b) The Borrowers shall repay the Facility B Loans in instalments by repaying on each Facility B Repayment Date the amount set out opposite that Facility B Repayment Date below:

Facility B Repayment Date	Repayment Instalment (£)
30 June 2015	312,500
30 September 2015	312,500
31 December 2015	312,500
31 March 2016	312,500
30 June 2016	312,500
30 September 2016	312,500
31 December 2016	312,500
31 March 2017	312,500
30 June 2017	312,500
30 September 2017	312,500
31 December 2017	312,500
31 March 2018	312,500
30 June 2018	312,500
30 September 2018	312,500
31 December 2018	312,500
31 March 2019	312,500
30 June 2019	312,500
30 September 2019	6,250,000

- (c) The Borrowers may not reborrow any part of a Term Facility which is repaid.

6.2. Repayment of Facility C Loans

- (a) Each Borrower which has drawn a Facility C Loan shall repay that Loan on the last day of its Interest Period.
- (b) Without prejudice to each Borrower's obligation under paragraph (a) above, if:
- (i) one or more Facility C Loans are to be made available to a Borrower:
 - (A) on the same day that a maturing Facility C Loan is due to be repaid by that Borrower; and
 - (B) in whole or in part for the purpose of refinancing the maturing Facility C Loan; and
 - (ii) the proportion borne by each Lender's participation in the maturing Facility C Loan to the amount of that maturing Facility C Loan is the same as the proportion borne by that Lender's participation in the new Facility C Loans to the aggregate amount of those new Facility C Loans,

the aggregate amount of the new Facility C Loans shall, unless the Parent notifies the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Facility C Loan so that:

- (C) if the amount of the maturing Facility C Loan exceeds the aggregate amount of the new Facility C Loans;
 - (1) the relevant Borrower will only be required to make a payment under Clause 31.1 (Payments to the Agent) in an amount in the relevant currency equal to that excess; and
 - (2) each Lender's participation in the new Facility C Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Facility C Loan and that Lender will not be required to make a payment under Clause 31.1 (Payments to the Agent) in respect of its participation in the new Facility C Loans; and
- (D) if the amount of the maturing Facility C Loan is equal to or less than the aggregate amount of the new Facility C Loans:
 - (1) the relevant Borrower will not be required to make a payment under Clause 31.1 (Payments to the Agent); and
 - (2) each Lender will be required to make a payment under Clause 31.1 (Payments to the Agent) in respect of its participation in the new Facility C Loans only to the extent that its participation in the new Facility C Loans

exceeds that Lender's participation in the maturing Facility C Loan and the remainder of that Lender's participation in the new Facility C Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Facility C Loan.

6.3. Effect of cancellation and prepayment on scheduled repayments and reductions of Term Loans

- (a) If the Parent cancels the whole or any part of the Facility A Commitments in accordance with Clause 7.5 (Right of cancellation and repayment in relation to a single Lender) or if the Facility A Commitment of any Lender is reduced under Clause 7.1 (Illegality) then the amount of the Facility A Repayment Instalment for each Facility A Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled.
- (b) If any of the Facility A Loans are prepaid in accordance with Clause 7.5 (Right of cancellation and repayment in relation to a single Lender) or Clause 7.1 (Illegality) then the amount of the Facility A Repayment Instalment for each Facility A Repayment Date falling after that prepayment will reduce *pro rata* by the amount of the Facility A Loan.
- (c) If any of the Facility A Loans are prepaid in accordance with Clause 7.3 (Voluntary prepayment of Term Loans) or Clause 8.3 (Application of mandatory prepayments) then the amount of the Facility A Repayment Instalment for each Facility A Repayment Date falling after that prepayment will reduce in inverse order of maturity by the amount of the Facility A Loan prepaid.
- (d) If the Parent cancels the whole or any part of the Facility B Commitments in accordance with Clause 7.5 (Right of cancellation and repayment in relation to a single Lender) or if the Facility B Commitment of any Lender is reduced under Clause 7.1 (Illegality) then the amount of the Facility B Repayment Instalment for each Facility B Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled.
- (e) If any of the Facility B Loans are prepaid in accordance with Clause 7.5 (Right of cancellation and repayment in relation to a single Lender) or Clause 7.1 (Illegality) then the amount of the Facility B Repayment Instalment for each Facility B Repayment Date falling after that prepayment will reduce *pro rata* by the amount of the Facility B Loan.
- (f) Subject to the terms of paragraph (d) below, if any of the Facility B Loans are prepaid in accordance with Clause 7.3 (Voluntary prepayment of Term Loans) or Clause 8.3 (Application of mandatory prepayments) then the amount of the Facility B Repayment Instalment for each Facility B Repayment Date falling after that prepayment will reduce in inverse order of maturity by the amount of the Facility B Loan prepaid.
- (g) If any of the Facility B Loans are prepaid pursuant to the terms of Clause 7.3(a), Clause 8.2(b) or Clause 8.3(c)(ii) then the amount prepaid will be applied against the Facility B Repayment Instalments falling after that prepayment in inverse order of maturity.

7. ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION

7.1. Illegality

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Utilisation:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Parent, each Available Commitment of that Lender will be immediately cancelled; and
- (c) each Borrower shall repay that Lender's participation in the Utilisations made to that Borrower on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Parent or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2. Voluntary cancellation

- (a) Subject to paragraph (b) below, the Parent may, if it gives the Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of £250,000 and an integral multiple of £250,000) of an Available Facility. Any cancellation under this Clause 7.2 shall reduce the Commitments of the Lenders rateably under that Facility.
- (b) The Parent shall not cancel any part of the Available Commitment with respect to Facility B unless there is no Available Commitment with respect to Facility A. The Parent shall not cancel any part of the Available Commitment with respect to Facility C unless there is no Available Commitment with respect to Facility A or Facility B.

7.3. Voluntary prepayment of Term Loans

- (a) Subject to paragraph (b) below, a Borrower to which a Term Loan has been made may, if it gives the Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of that Term Loan (but, if in part, being an amount that reduces the amount of that Term Loan by a minimum amount of £250,000 and an integral multiple of £50,000).
- (b) A Term Loan may only be prepaid after the last day of the Availability Period for the applicable Facility (or, if earlier, the day on which the applicable Available Facility is zero).
- (c) A Facility B Loan may only be prepaid if the whole of the Facility A Loans have been prepaid or will be prepaid at the same time. A prepayment of the Facility A Loans shall be applied to reduce the Facility A Repayment Instalments in inverse order of maturity and a prepayment of the Facility B Loans shall be applied to reduce the Facility B Repayment Instalments in inverse order of maturity.

7.4. Voluntary Prepayment of Facility C Loans

The Borrower to which a Facility C Loan has been made may, if it gives the Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Facility C Loan (but if in part being an amount that reduces the amount of the Facility C Loan by a minimum amount of £250,000).

7.5. Right of cancellation and repayment in relation to a single Lender

- (a) If:
- (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (i) of Clause 14.2 (Tax gross-up); or
 - (ii) any Lender claims indemnification from the Parent or an Obligor under Clause 14.3 (Tax indemnity) or Clause 15.1 (Increased costs),

the Parent may, whilst the circumstance giving rise to the requirement for indemnification continues, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations.

- (b) On receipt of a notice referred to in paragraph (a) above in relation to a Lender, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Parent has given notice under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Parent in that notice), each Borrower to which a Utilisation is outstanding shall repay that Lender's participation in that Utilisation together with all interest and other amounts accrued under the Finance Documents.

7.6. Right of cancellation in relation to a Defaulting Lender

- (a) If any Lender becomes a Defaulting Lender, the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent 5 Business Days' notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
- (c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

8. MANDATORY PREPAYMENT

8.1. Exit

Upon the occurrence of:

- (i) any Flotation;
- (ii) a Change of Control;

- (iii) a Trade Sale; or
- (iv) a Senior Management Event,

the Facilities will be cancelled and all outstanding Utilisations, together with accrued interest, and all other amounts accrued under the Finance Documents, shall become immediately due and payable.

8.2. Disposal and Insurance Proceeds

- (a) For the purposes of this Clause 8.2, Clause 8.3 (Application of mandatory prepayments) and Clause 8.4 (Mandatory Prepayment Accounts and Holding Accounts):

"Disposal" means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

"Disposal Proceeds" means the consideration receivable by any member of the Group (including any amount receivable in repayment of intercompany debt) for any Disposal made by any member of the Group except for Excluded Disposal Proceeds and after deducting:

- (i) any reasonable expenses which are incurred by any member of the Group with respect to that Disposal to persons who are not members of the Group; and
- (ii) any Tax incurred and required to be paid by the seller in connection with that Disposal (as reasonably determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance).

"Excluded Disposal Proceeds" means any Disposal Proceeds which:

- (i) are applied in replacement of the assets in respect of which the relevant Disposal was made as soon as possible (but in any event within 90 days or, in the case of a disposal of land or buildings, within 12 months or, in any case, such longer period as the Majority Lenders may agree) after receipt; or
- (ii) do not exceed £1,000,000.

"Excluded Insurance Proceeds" means any proceeds of an insurance claim which the Parent notifies the Agent are, or are to be, applied:

- (a) to meet a third party claim;
- (b) to compensate for a loss to be covered under any business interruption insurance policies; or
- (c) to the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made,

as soon as possible (but in any event within 120 days or, in the case of proceeds in relation to any land or buildings, within 12 months or, in any case, such longer period as the Majority Lenders may agree) after receipt and provided that the amount of such proceeds will cease to fall within this definition if they are not so applied within such period.

"Insurance Proceeds" means the proceeds of any insurance claim received by any member of the Group except for Excluded Insurance Proceeds and after deducting any reasonable expenses in relation to that claim which are incurred by any member of the Group to persons who are not members of the Group.

- (b) The Parent shall ensure that the Borrowers prepay Utilisations in the following amounts at the times and in the order of application contemplated by Clause 8.3 (Application of mandatory prepayments):
 - (i) the amount of Disposal Proceeds; and
 - (ii) the amount of Insurance Proceeds.

8.3. Application of mandatory prepayments

- (a) A prepayment made under Clause 8.2 (Disposal and Insurance Proceeds) shall be applied in prepayment of Loans as contemplated in paragraphs (b) to (e) inclusive below.
- (b) Unless the Parent makes an election under paragraph (d) below, the Borrowers shall prepay Loans promptly upon receipt of the relevant amount of Disposal Proceeds or Insurance Proceeds.
- (c) A prepayment under Clause 8.2 (Disposal and Insurance) shall prepay the Loans as follows:
 - (i) firstly, in reducing the Facility A Repayment Instalment for each Facility A Repayment Date falling after the date of prepayment in the manner contemplated by paragraph (d) of Clause 6.3 (Effect of cancellation and prepayment on scheduled repayment and reductions of Term Loans);
 - (ii) secondly, once Facility A has been repaid in full, in reducing the Facility B Repayment Instalment for each Facility B Repayment Date falling after the date of prepayment in the manner contemplated by paragraph (e) of Clause 6.3 (Effect of cancellation and prepayment on scheduled repayments and reductions of Term Loans); and
 - (iii) thirdly, in pro rata prepayment of any Facility C Loans.
- (d) Subject to paragraph (e) below, the Parent may elect that any prepayment under Clause 8.2 (Disposal and Insurance Proceeds) be applied in prepayment of a Loan on the last day of the Interest Period relating to that Loan. If the Parent makes that election then a proportion of the Loan equal to the amount of the relevant prepayment will be due and payable on the last day of its Interest Period.
- (e) If the Parent has made an election under paragraph (d) above but a Default has occurred and is continuing, that election shall no longer apply and a proportion of the Loan in respect of which the election was made equal to the amount of

the relevant prepayment shall be immediately due and payable (unless the Majority Lenders otherwise agree in writing).

8.4. Mandatory Prepayment Accounts and Holding Accounts

- (a) The Parent shall ensure that:
 - (i) Disposal Proceeds and Insurance Proceeds in respect of which the Parent has made an election under paragraph (d) of Clause 8.3 (Application of mandatory prepayments) are paid into a Mandatory Prepayment Account as soon as reasonably practicable after receipt by a member of the Group; and
 - (ii) any amounts which represent Excluded Insurance Proceeds and/or Excluded Disposal Proceeds which are to be applied for the specific purpose with the specific periods (as set out in the definitions of Excluded Insurance Proceeds and/or Excluded Disposal Proceeds) are paid into a Holding Account as soon as reasonably practicable after receipt by a member of the Group.
- (b) The Parent and each Borrower irrevocably authorise the Agent to apply:
 - (i) amounts credited to the Mandatory Prepayment Account; and
 - (ii) amounts credited to the Holding Account which have not been applied within any applicable periods detailed in the definitions of Excluded Insurance Proceeds and/or Excluded Disposal Proceeds,

to pay amounts due and payable under Clause 8.3 (Application of mandatory prepayments) and otherwise under the Finance Documents. The Parent and each Borrower further irrevocably authorise the Agent to so apply amounts credited to the Holding Account whether or not the periods detailed in the definitions of Excluded Insurance Proceeds and/or Excluded Disposal Proceeds have elapsed since receipt of those proceeds if a Default has occurred and is continuing. The Parent and each Borrower also irrevocably authorise the Agent to transfer any amounts credited to the Holding Account referred to in this paragraph (b) to the Mandatory Prepayment Account pending payment of amounts due and payable under the Finance Documents (but if all such amounts have been paid any such amounts remaining credited to the Mandatory Prepayment Account may (unless a Default has occurred) be transferred back to the Holding Account.
- (c) A Lender, Security Trustee or Agent with which a Mandatory Prepayment Account or Holding Account is held acknowledges and agrees that (i) interest shall accrue at normal commercial rates on amounts credited to those accounts and that the account holder shall be entitled to receive such interest (which shall be paid in accordance with the mandate relating to such account) unless a Default is continuing and (ii) each such account is subject to the Transaction Security.

8.5. Excluded proceeds

Where Excluded Disposal Proceeds and Excluded Insurance Proceeds include amounts which are intended to be used for a specific purpose within a specified period (as set out in the relevant definition of Excluded Disposal Proceeds or Excluded Insurance

Proceeds), the Parent shall ensure that those amounts are used for that purpose and, if requested to do so by the Agent, shall promptly deliver a certificate to the Agent at the time of such application and at the end of such period confirming the amount (if any) which has been so applied within the requisite time periods provided for in the relevant definition.

9. RESTRICTIONS

9.1. Notices of Cancellation or Prepayment

Any notice of cancellation, prepayment, authorisation or other election given by any Party under Clause 7 (Illegality, voluntary prepayment and cancellation), paragraph (d) of Clause 8.3 (Application of mandatory prepayments) or Clause 8.4 (Mandatory prepayment Accounts and Holding Accounts) shall (subject to the terms of those Clauses) be irrevocable and, unless a contrary indication appears in this Agreement, any such notice shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

9.2. Interest and other amounts

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and Break Costs.

9.3. No reborrowing of Term Facilities

No Borrower may reborrow any part of a Term Facility which is prepaid.

9.4. Re-borrowing of Facility C

Unless a contrary indication appears in this Agreement, any part of Facility C which is prepaid or repaid may be re-borrowed in accordance with the terms of this Agreement.

9.5. Prepayment in accordance with Agreement

No Borrower shall repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

9.6. No reinstatement of Commitments

No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

9.7. Agent's receipt of Notices

If the Agent receives a notice under Clause 7 (Illegality, voluntary prepayment and cancellation) or an election under paragraph (d) of Clause 8.3 (Application of mandatory prepayments) it shall promptly forward a copy of that notice or election to either the Parent or the affected Lender, as appropriate.

9.8. Prepayment elections

The Agent shall notify the Lenders as soon as possible of any proposed prepayment of any Loan under Clause 7.3 (Voluntary prepayment of Term Loans), Clause 8.4 (Voluntary Prepayment of Facility C Loans) or Clause 8.2 (Disposal and Insurance Proceeds).

SECTION 5

COSTS OF UTILISATION

10. INTEREST

10.1. Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) LIBOR.

10.2. Payment of interest

The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period (and, if the Interest Period is longer than three Months, on the dates falling at three Monthly intervals after the first day of the Interest Period).

10.3. Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is two times the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 10.3 shall be immediately payable by the Obligor on demand by the Agent.
- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be two times the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

10.4. Notification of rates of interest

- (a) The Agent shall promptly notify the Lenders and the relevant Borrower (or the Parent) of the determination of a rate of interest under this Agreement.

- (b) The Agent shall promptly notify the relevant Borrower (or the Parent) of each Funding Rate relating to a Loan.

11. INTEREST PERIODS

11.1. Selection of Interest Periods

- (a) A Borrower (or the Parent on behalf of a Borrower) may select an Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan is a Term Loan and has already been borrowed) in a Selection Notice.
- (b) Each Selection Notice for a Term Loan is irrevocable and must be delivered to the Agent by the Borrower (or the Parent on behalf of the Borrower) to which that Term Loan was made not later than 10.00 a.m. on the Business Day prior to the last day of the then current Interest Period.
- (c) If a Borrower (or the Parent) fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will, subject to Clause 11.2 (Changes to Interest Periods), be three Months.
- (d) Subject to this Clause 11, a Borrower (or the Parent) may select an Interest Period of three or six Months or any other period agreed between the Parent and the Agent (acting on the instructions of all the Lenders). In addition, a Borrower (or the Parent on its behalf) may select an Interest Period of (in relation to Facility A or Facility B) a period of less than three Months, if necessary to ensure that:
 - (i) there are Facility A Loans (with an aggregate amount equal to or greater than a Facility A Repayment Instalment) which have an Interest Period ending on a Facility A Repayment Date for the Borrowers to make the relevant Facility A Repayment Instalment due on that date; or
 - (ii) there are Facility B Loans (with an aggregate amount equal to or greater than a Facility B Repayment Instalment) which have an Interest Period ending on a Facility B Repayment Date for the Borrowers to make the relevant Facility B Repayment Instalment due on that date.
- (e) An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility.
- (f) Each Interest Period for a Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.
- (g) A Facility C Loan has one Interest Period only.

11.2. Changes to Interest Periods

- (a) Prior to determining the interest rate for a Facility A Loan or a Facility B Loan, the Agent may shorten an Interest Period for any Facility A Loan or Facility B Loan (as applicable) to ensure there are sufficient Facility A Loans (with an aggregate amount equal to or greater than the relevant Facility A Repayment Instalment) or Facility B Loans (with an aggregate amount equal to or greater than the relevant Facility B Repayment Instalment) (as applicable) which have an Interest Period ending on a Facility A Repayment Date or Facility B

Repayment Date (as applicable) for the Borrowers to make the relevant Facility A Repayment Instalment or Facility B Repayment Instalment due on that date.

- (b) If the Agent makes any of the changes to an Interest Period referred to in this Clause 11.2, it shall promptly notify the Parent and the Lenders.

11.3. Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

11.4. Consolidation and division of Facility A Loans

- (a) Subject to paragraph (b) below, if two or more Interest Periods:

- (i) relate to Facility A Loans;
- (ii) end on the same date; and
- (iii) are made to the same Borrower,

those Facility A Loans will, unless the Parent specifies to the contrary in the Selection Notice for the next Interest Period, be consolidated into, and treated as, a single Facility A Loan on the last day of the Interest Period.

- (b) Subject to Clause 4.3 (Maximum number of Utilisations) and Clause 5.3 (Currency and amount), if the Parent requests in a Selection Notice that a Facility A Loan be divided into two or more Facility A Loans, that Facility A Loan will, on the last day of its Interest Period, be so divided with amounts specified in that Selection Notice, having an aggregate amount equal to the amount of the Facility A Loan immediately before its division.

12. CHANGES TO THE CALCULATION OF INTEREST

12.1. Unavailability of Screen Rate

- (a) *Interpolated Screen Rate*: If no Screen Rate is available for LIBOR for the Interest Period of a Loan, the applicable LIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of that Loan.
- (b) *Reference Bank Rate*: If no Screen Rate is available for LIBOR for:
 - (i) Sterling; or
 - (ii) the Interest Period of a Loan and it is not possible to calculate the Interpolated Screen Rate,

the applicable LIBOR shall be the Reference Bank Rate as of 11.00 a.m. on the Quotation Date for Sterling and for a period equal in length to the Interest Period of that Loan.

- (c) *Cost of funds*: If paragraph (b) above applies but no Reference Bank Rate is available for Sterling or the relevant Interest Period there shall be no LIBOR

for that Loan and Clause 12.4 (Cost of funds) shall apply to that Loan for that Interest Period.

12.2. Calculation of Reference Bank Rate

- (a) Subject to paragraph (b) below, if LIBOR is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by 11.00 a.m. on the Quotation Date, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.
- (b) If at or about noon on the Quotation Day, none or only one of the Reference Banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period.

12.3. Market disruption

If before close of business in London on the Quotation Day for the relevant Interest Period the Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 25% per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of LIBOR then Clause 12.4 (Cost of funds) shall apply to that Loan for the relevant Interest Period.

12.4. Cost of funds

- (a) If this Clause 12.4 applies, the rate of interest on the relevant Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event within 1 Business Day of the first day of that Interest Period (or, if earlier, on the date falling 1 Business Day before the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to the relevant Lender of funding its participation in that Loan from whatever source it may reasonably select.
- (b) If this Clause 12.4 applies and the Agent or the Parent so requires, the Agent and the Parent shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.
- (c) Any alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Parent, be binding on all Parties.
- (d) If this Clause 12.4 applies but any Lender does not supply a quotation by the time specified in paragraph (a)(ii) above the rate of interest shall be calculated on the basis of the quotations of the remaining Lenders.

12.5. Break Costs

- (a) Each Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan

or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

13. FEES

13.1. Arrangement fee

The Parent shall pay to the Arranger an arrangement fee in the amount and at the times agreed in the Fee Letter.

13.2. Agency fee

The Parent shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in the Fee Letter.

13.3. Commitment fee

- (a) The Parent shall pay to the Agent (for the account of each Lender) a fee computed at the rate of 40 per cent. per annum on the Margin of that Lender's Available Commitment under Facility C for the Availability Period applicable to Facility C.
- (b) The accrued commitment fee is payable on the last day of each successive period of three months which ends during the relevant Availability Period, on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.

SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

14. TAX GROSS UP AND INDEMNITIES

14.1. Definitions

- (a) In this Agreement:

"Protected Party" means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"Qualifying Lender" means:

- (i) a Lender (other than a Lender within sub-paragraph (ii) below) which is beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document and is:

- (A) a Lender:

- (1) which is a bank (as defined for the purpose of Section 879 of the ITA) making an advance under a Finance Document and is within the charge to United Kingdom corporation tax as respects any payment of interest made in respect of that advance or would be within such charge as respects such payment apart from Section 18A of the CTA; or
- (2) in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of Section 879 of the ITA) at the time that that advance was made and which is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or

- (B) a Lender which is:

- (1) a company resident in the United Kingdom for United Kingdom tax purposes;
- (1) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of

Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of the CTA;

- (2) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company; or

(C) a Treaty Lender; or

- (ii) a Lender which is a building society (as defined for the purposes of section 880 of the ITA) making an advance under a Finance Document.

"Tax Confirmation" means a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes;
- (ii) a partnership each member of which is:
 - (1) a company so resident in the United Kingdom; or
 - (2) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.

"Tax Credit" means a credit against, relief or remission for, or repayment of, any Tax.

"Tax Deduction" means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

"Tax Payment" means either the increase in a payment made by an Obligor to a Finance Party under Clause 14.2 (Tax gross-up) or a payment under Clause 14.3 (Tax indemnity).

"Treaty Lender" means a Lender which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty;

- (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender's participation in the Loan is effectively connected; and
- (iii) fulfils any other conditions which must be fulfilled under the double taxation agreement by residents of that Treaty State for such residents to obtain exemptions from United Kingdom taxation on interest, subject to the completion of procedural formalities.

"Treaty State" means a jurisdiction having a double taxation agreement (a **"Treaty"**) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

- (a) Unless a contrary indication appears, in this Clause 14 a reference to **"determines"** or **"determined"** means a determination made in the absolute discretion of the person making the determination.

14.2. Tax gross-up

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Parent shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Parent and that Obligor.
- (c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) A payment shall not be increased under paragraph (c) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
 - (i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty, or any published practice or published concession of any relevant taxing authority; or
 - (ii)
 - (A) the relevant Lender is a Qualifying Lender solely by virtue of paragraph (i)(B) of the definition of Qualifying Lender;
 - (B) an officer of H.M. Revenue & Customs has given (and not revoked) a direction (a **"Direction"**) under section 931 of the ITA (as that provision has effect on the date on which the

relevant Lender became a Party) which relates to the payment and that Lender has received from that Obligor or the Parent a certified copy of that Direction; and

- (C) the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or
- (iii) the relevant Lender is a Qualifying Lender solely by virtue of paragraph (i)(B) of the definition of Qualifying Lender and:
 - (A) the relevant Lender has not given a Tax Confirmation to the Parent; and
 - (B) the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the Parent, on the basis that the Tax Confirmation would have enabled the Parent to have formed a reasonable belief that the payment was an "excepted payment" for the purpose of section 930 of the ITA; or
- (iv) the relevant Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph (g) below.
- (e) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (f) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment statement under Section 975 of ITA or other evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (g) (i) Subject to paragraph (ii) below, a Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction.
- (ii) Nothing in paragraph (i) above shall require a Treaty Lender to:
 - (A) register under the HMRC DT Treaty Passport scheme;
 - (B) apply the HMRC DT Treaty Passport scheme to any Utilisation if it has so registered; or
 - (C) file Treaty forms if it has included an indication to the effect that it wishes the HMRC DT Treaty Passport scheme to apply to this Agreement in accordance with paragraph (h) below or paragraph (a) of Clause 14.6 (HMRC DT Treaty Passport scheme confirmation),

and the Obligor making that payment has not complied with its obligations under paragraph (i) below or paragraph (b) of Clause 14.6 (HMRC DT Treaty Passport scheme confirmation).

14.3. Tax indemnity

- (a) The Parent shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
 - (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
 - (ii) to the extent a loss, liability or cost:
 - (A) is compensated for by an increased payment under Clause 14.2 (Tax gross-up); or
 - (B) would have been compensated for by an increased payment under Clause 14.2 (Tax gross-up) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 14.2 (Tax gross-up) applied.
- (c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Parent.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 14.3, notify the Agent.

14.4. Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part or to that Tax Payment; and
- (b) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor. Notwithstanding anything to the contrary, in no event shall any Finance Party be required to pay any amount to the Borrowers the payment of which would place such Finance Party in a less favourable net after tax position than such Finance Party would have been in if the Tax giving rise to the indemnity payments had never been paid.

14.5. Lender Status Confirmation

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate or Assignment Agreement or Increase Confirmation which it executes on becoming a Party, and for the benefit of the Agent and without liability to any Obligor, which of the following categories it falls in:

- (a) not a Qualifying Lender;
- (b) a Qualifying Lender (other than a Treaty Lender); or
- (c) a Treaty Lender.

If a New Lender fails to indicate its status in accordance with this Clause 14.5 then such New Lender shall be treated for the purposes of this Agreement as if it is not a Qualifying Lender until such time as it notifies the Agent which category applies (and the Agent, upon receipt of such notification, shall inform the Company). For the avoidance of doubt, a Transfer Certificate, Assignment Agreement or Increase Confirmation shall not be invalidated by any failure of a Lender to comply with this Clause 14.5.

14.6. HMRC DT Treaty Passport scheme confirmation

- (a) A New Lender or an Increase Lender that is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which then wishes that scheme to apply to this Agreement, shall include an indication to that effect (for the benefit of the Agent and without liability to any Obligor) in the Transfer Certificate, Assignment Agreement or Increase Confirmation which it executes by including its scheme reference number and its jurisdiction of tax residence in that Transfer Certificate, Assignment Agreement or Increase Confirmation.
- (b) Where a New Lender or an Increase Lender includes the indication described in paragraph (a) above in the relevant Transfer Certificate, Assignment Agreement or Increase Confirmation:
 - (i) each Borrower which is a Party as a Borrower as at the relevant Transfer Date or the date on which the increase in Total Commitments described in the relevant Increase Confirmation takes effect shall, and to the extent that that New Lender or Increase Lender becomes a Lender under a Facility which is made available to that Borrower pursuant to Clause 2 (The Facilities), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 days of that Transfer Date or that date on which the increase in Total Commitments takes effect and shall promptly provide the Lender with a copy of that filing; and
 - (ii) each Additional Borrower which becomes an Additional Borrower after the relevant Transfer Date or the date on which the increase in Total Commitments described in the relevant Increase Confirmation takes effect shall, to the extent that that New Lender or Increase Lender is a Lender under a Facility which is made available to that Additional Borrower pursuant to Clause 2 (The Facilities), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 days of becoming an Additional Borrower and shall promptly provide the Lender with a copy of that filing.

14.7. Stamp taxes

The Parent shall pay and, within three Business Days of demand, indemnify each Secured Party and Arranger against any cost, loss or liability that Secured Party or Arranger incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

14.8. Notification to Parent and Agent

Each Lender will notify the Parent and the Agent if it is not or ceases to be a Qualifying Lender.

14.9. Value added tax

- (a) All consideration expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is charged on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account

to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT.

- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") under a Finance Document, and any Party other than the Recipient (the "**Relevant Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):
 - (i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and
 - (ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment from the relevant tax authority in respect of the VAT.
- (d) Any reference in this Clause 14.9 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term "representative member" to have the same meaning as in the Value Added Tax Act 1994 or in the case of Ireland, the group member notified by the Revenue Commissioners in accordance with section 15(1)(a) of the Value Added Tax Consolidation Act 2010 of Ireland as being the member responsible for complying with the provisions of that act in respect of the group).
- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

15. INCREASED COSTS

15.1. Increased costs

- (a) Subject to Clause 15.3 (Exceptions) the Parent shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.
- (b) In this Agreement "**Increased Costs**" means:
 - (i) a reduction in the rate of return from a Facility or on a Finance Party's (or its Affiliate's) overall capital;
 - (ii) an additional or increased cost; or
 - (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

15.2. Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 15.1 (Increased Costs) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Parent.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

15.3. Exceptions

- (a) Clause 15.1 (Increased Costs) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) compensated for by Clause 14.3 (Tax indemnity) (or would have been compensated for under Clause 14.3 (Tax indemnity) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 14.3 (Tax indemnity) applied); or
 - (iii) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.
- (b) In this Clause 15.3 reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 14.1 (Definitions).

16. OTHER INDEMNITIES

16.1. Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:
 - (i) making or filing a claim or proof against that Obligor; or
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,
 that Obligor shall as an independent obligation, within three Business Days of demand, indemnify the Arranger and each other Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.
- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

16.2. Other indemnities

- (a) The Parent shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify the Arranger and each other Secured Party against any cost, loss or liability incurred by it as a result of:
 - (i) the occurrence of any Event of Default;
 - (ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 30 (Sharing among the Finance Parties);
 - (iii) funding, or making arrangements to fund, its participation in a Utilisation requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);
 - (iv) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by a Borrower or the Parent.
- (b) The Parent shall promptly indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate, against any cost, loss or liability incurred by that Finance Party or its Affiliate (or officer or employee of that Finance Party or Affiliate) in connection with or arising out of the Acquisition or the funding of the Acquisition (including but not limited to those incurred in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry concerning the Acquisition),

unless such loss or liability is caused by the gross negligence or wilful misconduct of that Finance Party or its Affiliate (or employee or officer of that Finance Party or Affiliate). Any Affiliate or any officer or employee of a Finance Party or its Affiliate may rely on this Clause 16.2.

16.3. Indemnity to the Agent

The Parent shall promptly indemnify the Agent against:

- (a) any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:
 - (i) investigating any event which it reasonably believes is a Default;
 - (ii) entering into or performing any foreign exchange contract for the purposes of paragraph (b) of Clause 31.10 (Change of currency);
 - (iii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
 - (iv) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; and
- (b) any cost, loss or liability incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) in acting as Agent under the Finance Documents.

16.4. Indemnity to the Security Trustee

- (a) Each Obligor shall promptly indemnify the Security Trustee and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:
 - (i) any failure by the Parent to comply with its obligations under Clause 18 (Costs and Expenses);
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
 - (iii) the taking, holding, protection or enforcement of the Transaction Security,
 - (iv) the exercise of any of the rights, powers, discretions and remedies vested in the Security Trustee and each Receiver and Delegate by the Finance Documents or by law;
 - (v) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or
 - (vi) acting as Security Trustee, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Charged Property (otherwise, in each case, than by reason of the relevant Security

Trustee's, Receiver's or Delegate's gross negligence or wilful misconduct);

- (b) The Security Trustee may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 16.4 and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

17. MITIGATION BY THE LENDERS

17.1. Mitigation

- (a) Each Finance Party shall, in consultation with the Parent, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (Illegality), Clause 14 (Tax gross-up and indemnities) or Clause 15 (Increased Costs) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

17.2. Limitation of liability

- (a) The Parent shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 17.1 (Mitigation).
- (b) A Finance Party is not obliged to take any steps under Clause 17.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

18. COSTS AND EXPENSES

18.1. Transaction expenses

The Parent shall within three Business Days of demand pay the Agent, the Arranger and the Security Trustee the amount of all costs and expenses (including legal fees) reasonably incurred by any of them (and, in the case of the Security Trustee, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement and the Transaction Security;
- (b) any other Finance Documents executed after the date of this Agreement.

18.2. Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 31.10 (Change of currency), the Parent shall, within three Business Days of demand, reimburse each of the Agent and the Security Trustee for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent

and the Security Trustee (and, in the case of the Security Trustee, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

18.3. Security Trustee's ongoing costs

- (a) In the event of (i) a Default or (ii) the Security Trustee considering it necessary or expedient or (iii) the Security Trustee being requested by an Obligor or the Majority Lenders to undertake duties which the Security Trustee and the Parent agree to be of an exceptional nature and/or outside the scope of the normal duties of the Security Trustee under the Finance Documents, the Parent shall pay to the Security Trustee any additional remuneration that may be agreed between them.
- (b) If the Security Trustee and the Parent fail to agree upon the nature of the duties or upon any additional remuneration, that dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Trustee and approved by the Parent or, failing approval, nominated (on the application of the Security Trustee) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Parent) and the determination of any investment bank shall be final and binding upon the parties to this Agreement.

18.4. Enforcement and preservation costs

The Parent shall, within three Business Days of demand, pay to the Arranger and each other Secured Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Trustee as a consequence of taking or holding the Transaction Security or enforcing these rights.

SECTION 7

GUARANTEE

19. GUARANTEE AND INDEMNITY

19.1. Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 19 if the amount claimed had been recoverable on this basis of a guarantee.

19.2. Continuing Guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

19.3. Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 19 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

19.4. Waiver of defences

The obligations of each Guarantor under this Clause 19 will not be affected by an act, omission, matter or thing which, but for this Clause 19, would reduce, release or prejudice any of its obligations under this Clause 19 (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature, whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under and Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

19.5. Guarantor Intent

Without prejudice to the generality of Clause 19.4 (Waiver of Defences), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

19.6. Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 19. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

19.7. Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect

of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 19.

19.8. Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 19:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 19.1 (Guarantee and Indemnity);
- (e) to exercise any right of set off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 31 (Payment mechanics) of this Agreement.

19.9. Release of Guarantors' right of contribution

If any Guarantor (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and

- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

19.10. Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

19.11. Guarantee Limitations

This guarantee does not apply to any liability to the extent that it would result in this guarantee constituting unlawful financial assistance within the meaning of Section 678 or 679 of the Companies Act 2006 or, as applicable, section 60 of the Companies Act 1963 of Ireland (as amended) and, with respect to any Additional Guarantor, is subject to any limitations set out in the Accession Letter applicable to such Additional Guarantor. In particular, but without limiting the generality of the foregoing provisions, it is agreed that any guarantee and indemnity by Schuh (ROI) Limited in terms of this Clause 19 shall not include the payment of any arrangement fee payable under this Agreement (or any agreement amending or varying the terms of this Agreement) or the payment of any fees, costs or expenses payable by any member of the Group in connection with the Acquisition Agreement or with this Agreement (or any agreement amending or varying the terms of this Agreement).

SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

20. REPRESENTATIONS

20.1. General

Each Obligor makes the representations and warranties set out in this Clause 20 to each Finance Party.

20.2. Status

- (a) It and each of its Subsidiaries is a limited liability corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

20.3. Binding obligations

Subject to the Legal Reservations and to any of the matters specified in paragraphs (a) to (e) inclusive of Clause 20.9:

- (a) the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective.

20.4. Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Transaction Documents and the granting of the Transaction Security do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) the constitutional documents of any member of the Group; or
- (c) any agreement or instrument binding upon it or any member of the Group or any of its or any member of the Group's assets or constitute a default or termination event (however described) under any such agreement or instrument.

20.5. Power and authority

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents.

- (b) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

20.6. Validity and admissibility in evidence

- (a) All Authorisations required or desirable:
 - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
 - (ii) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect.
- (b) All Authorisations necessary for the conduct of the business, trade and ordinary activities of members of the Group have been obtained or effected and are in full force and effect to the extent that failure to obtain or effect those Authorisations has or would reasonably be expected to have a Material Adverse Effect.

20.7. Governing law and enforcement

- (a) Subject to the Legal Reservations, the choice of governing law of the Finance Documents will be recognised and enforced in its Relevant Jurisdictions.
- (b) Subject to the Legal Reservations, any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

20.8. Insolvency

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 24.7 (Insolvency proceedings); or
- (b) creditors' process described in Clause 24.8 (Creditors' process),

has been taken or, to the knowledge of the Parent, threatened in relation to a member of the Group and none of the circumstances described in Clause 24.6 (Insolvency) applies to a member of the Group.

20.9. No filing or stamp taxes

Under the laws of its Relevant Jurisdiction it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except:

- (a) registration of particulars of the Transaction Security Documents at the Companies Registration Office in Scotland under Section 878 of the Companies Act 2006 and payment of associated fees;

- (b) filing of the statutory declarations by directors (and, in the case of an Obligor incorporated in Ireland, section 60 of the Companies Act 1963 of Ireland) copies of which are delivered to the Agent under Clause 4.1 (Initial conditions precedent) at the Companies Registration Office in England and Wales;
 - (c) registration of the Standard Security at the Land Register of Scotland and payment of associated fees,
- which registrations, filings, taxes and fees will be made and paid promptly after the date of the relevant Finance Document.

20.10. Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

20.11. No default

- (a) No Event of Default and, on the date of this Agreement, no Default is continuing or is reasonably likely to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect.

20.12. No misleading information

Save as disclosed in writing to the Agent prior to the date of this Agreement:

- (a) to the best of its knowledge and belief (having made due and diligent enquiry), any factual information contained in the Information Package was true and accurate in all material respects as at the date of the relevant report or document containing the information or (as the case may be) as at the date the information is expressed to be given;
- (b) the Business Plan has been prepared in accordance with the Accounting Principles as applied to the Original Financial Statements, and the financial projections contained in the Business Plan have been prepared on the basis of recent historical information, are fair and based on reasonable assumptions and have been approved by the board of directors of the Parent;
- (c) any financial projection or forecast contained in the Information Package has been prepared on the basis of recent historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant report or document containing the projection or forecast) and arrived at after careful consideration;

- (d) the expressions of opinion or intention provided by or on behalf of an Obligor for the purposes of the Information Package were made after careful consideration and (as at the date of the relevant report or document containing the expression of opinion or intention) were fair and based on reasonable grounds;
- (e) to the best of its knowledge and belief (having made due and diligent enquiry), no event or circumstance has occurred or arisen and no information has been omitted from the Information Package and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the Information Package being untrue or misleading in any material respect;
- (f) to the best of its knowledge and belief (having made due and diligent enquiry), all material information provided to a Finance Party by or on behalf of the Parent or the Company on or before the date of this Agreement and not superseded before that date (whether or not contained in the Information Package) is accurate and not misleading in any material respect and all projections provided to any Finance Party on or before the date of this Agreement have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied; and
- (g) to the best of its knowledge and belief (having made due and diligent enquiry), all other written information provided by any member of the Group (including its advisers) to a Finance Party or the provider of any Report was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

20.13. Original Financial Statements

- (a) Its Original Financial Statements were prepared in accordance with the Accounting Principles consistently applied.
- (b) Its unaudited Original Financial Statements fairly represent its financial condition and results of operations for the relevant month or financial quarter unless expressly disclosed to the Agent in writing to the contrary prior to the date of this Agreement.
- (c) Its audited Original Financial Statements give a true and fair view of its financial condition and results of operations during the relevant financial year unless expressly disclosed to the Agent in writing to the contrary prior to the date of this Agreement.
- (d) To the best of its knowledge and belief (having made due and diligent enquiry), there has been no material adverse change in its assets, business or financial condition (or the assets, business or consolidated financial condition of the Group, in the case of the Parent) since the date of the Original Financial Statements.
- (e) The Original Financial Statements of the Company and the Parent do not consolidate the results, assets or liabilities of any person or business which does not form part of the Company Shares.

- (f) Its most recent financial statements delivered pursuant to Clause 21.1 (Financial Statements):
 - (i) have been prepared in accordance with the Accounting Principles as applied to the Original Financial Statements and the Business Plan; and
 - (ii) give a true and fair view of (if audited) or fairly present (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.
- (g) The budgets and forecasts supplied under this Agreement were arrived at after careful consideration and have been prepared in good faith on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied.
- (h) Since the date of the most recent financial statements delivered pursuant to Clause 21.1 (Financial Statements) there has been no material adverse change in the business, assets or financial condition of the Group.

20.14. No proceedings pending or threatened

Other than as disclosed to the Agent prior to the date of this Agreement, no litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any of its Subsidiaries.

20.15. No breach of laws

- (a) It has not (and none of its Subsidiaries has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Group which have or are reasonably likely to have a Material Adverse Effect.

20.16. Environmental laws

- (a) Each member of the Group is in compliance with Clause 23.3 (Environmental compliance) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.
- (b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has or is reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

20.17. Taxation

- (a) It is not (and none of its Subsidiaries is) materially overdue in the filing of any Tax returns and it is not (and none of its Subsidiaries is) overdue in the payment

of any amount in respect of Tax of £100,000 (or its equivalent in any other currency) or more.

- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or any of its Subsidiaries) with respect to Taxes such that a liability of, or claim against, any member of the Group of £100,000 (or its equivalent in any other currency) or more is reasonably likely to arise.
- (c) It is resident for Tax purposes only in the jurisdiction of its incorporation.

20.18. Security and Financial Indebtedness

- (a) No Security or Quasi-Security exists over all or any of the present or future assets of any member of the Group other than as permitted by this Agreement.
- (b) No member of the Group has any Financial Indebtedness outstanding other than as permitted by this Agreement.

20.19. Ranking

The Transaction Security has or will have first ranking priority and it is not subject to any prior ranking or pari passu ranking Security.

20.20. Good title to assets

It and each of its Subsidiaries has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

20.21. Legal and beneficial ownership

It and each of its Subsidiaries is the sole legal and beneficial owner of the respective assets over which it purports to grant Security.

20.22. Shares

The shares of any member of the Group which are subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights. The constitutional documents of companies whose shares are subject to the Transaction Security do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security. Other than in relation to share options granted or to be granted to employees in terms of any share option schemes operated by the Group, there are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of any member of the Group (including any option or right of pre-emption or conversion).

20.23. Intellectual Property

It and each of its Subsidiaries:

- (a) is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property which is material in the context

of its business and which is required by it in order to carry on its business as it is being conducted and as contemplated in the Business Plan;

- (b) does not (nor does any of its Subsidiaries), in carrying on its businesses, infringe any Intellectual Property of any third party in any respect which has or is reasonably likely to have a Material Adverse Effect; and
- (c) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

20.24. Group Structure Chart

The Group Structure Chart delivered to the Agent pursuant to Part I of Schedule 2 (Conditions Precedent) is true, complete and accurate in all material respects.

20.25. Obligor

The Parent has no Subsidiaries other than the Obligor where to do so would breach Clause 23.35 (Guarantors).

20.26. Accounting reference date

The Accounting Reference Date of each member of the Group is 31 January.

20.27. Equity Documents

Not restated.

20.28. Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "**Regulation**"), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation and it has no "**establishment**" (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.

20.29. Pensions

- (a) Neither it nor any of its Subsidiaries is or has at any time been an employer (for the purposes of Sections 38 to 51 of the Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pensions Schemes Act 1993).
- (b) Neither it nor any of its Subsidiaries is or has at any time been "connected" with or an "associate" of (as those terms are used in Sections 39 and 43 of the Pensions Act 2004) such an employer.

20.30. Sanctions and anti corruption law

- (a) Each Obligor and each of their respective directors, officers and employees are in compliance with Anti-Corruption Laws and Sanctions applicable to it in all material respects.
- (b) Neither any Obligor nor any of their respective directors, officers and employees, is a Sanctioned Person or has received notice of any claim, action, suit, proceeding or investigation against it with respect to Sanctions by any Sanctions Authority.
- (c) No Utilisation, use of proceeds or other transaction contemplated by this Agreement will violate:
 - (i) Anti-Corruption Laws; or
 - (ii) applicable Sanctions.

20.31. Times when representations made

- (a) All the representations and warranties in this Clause 20 are made by each Obligor on the date of this Agreement.
- (b) The Repeating Representations are deemed to be made by each Obligor on the date of each Utilisation Request, on each Utilisation Date and on the first day of each Interest Period (except that those contained in paragraphs (a) – (e) of Clause 20.13 (Original Financial Statements) will cease to be so made once subsequent financial statements have been delivered under this Agreement).
- (c) All the representations and warranties in this Clause 20 except Clause 20.12 (No misleading information) and Clause 20.24 (Group Structure Chart) are deemed to be made by each Additional Obligor on the day on which it becomes (or it is proposed that it becomes) an Additional Obligor.
- (d) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

21. INFORMATION UNDERTAKINGS

The undertakings in this Clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

21.1. Financial statements

The Parent shall supply to the Agent in sufficient copies for all the Lenders:

- (a) as soon as they are available, but in any event within 120 days after the end of each of its Financial Years:
 - (i) its audited consolidated financial statements for that Financial Year;
 - (ii) the audited financial statements (consolidated if appropriate) of each Obligor for that Financial Year; and

- (iii) the audited financial statements of any other Subsidiary for that Financial Year if requested by the Agent;
- (b) at any time when (by reference to the level of EBITDA and Cashflow disclosed in any financial statements provided to the Agent in terms of this Agreement) the financial performance of the Group is below that anticipated in the Budget for the relevant period by more than 15%, as soon as they are available, but in any event within 30 days after the end of each Accounting Period its financial statements on a consolidated basis for that Accounting Period (to include cumulative management accounts for the Financial Year to date); and
- (c) as soon as they are available, but in any event within 30 days after the last date of each month its Monthly Financial Statements on a consolidated basis for that month (to include cumulative management accounts for the Financial Year to date).

21.2. Provision and contents of Compliance Certificate

- (a) The Parent shall supply a Compliance Certificate to the Agent with each set of its audited consolidated Annual Financial Statements and each set of its Monthly Financial Statements in respect of each Quarter Dates.
- (b) The Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations as to compliance with Clause 22 (Financial Covenants).
- (c) Each Compliance Certificate shall be signed by one director of the Parent.

21.3. Requirements as to financial statements

- (a) The Parent shall procure that each set of Annual Financial Statements, and Monthly Financial Statements includes a balance sheet, profit and loss account and cashflow statement. In addition the Parent shall procure that:
 - (i) each set of Annual Financial Statements shall be audited by the Auditors;
 - (ii) each set of Monthly Financial Statements is accompanied by a narrative by the finance director of the Parent commenting on the performance of the Group for the Accounting Period to which the financial statements relate and the Financial Year to date and any material developments or proposals affecting the Group or its business.
- (b) Each set of financial statements delivered pursuant to Clause 21.1 (Financial statements):
 - (i) shall be certified by a director of the relevant company as giving a true and fair view of (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), its financial condition and operations as at the date as at which those financial statements were drawn up;
 - (ii) in the case of consolidated financial statements of the Group, shall be accompanied by a narrative comparing actual performance for the

period to which the financial statements relate to the projected performance for that period set out in the Budget; and

- (iii) shall be prepared using the Accounting Principles, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements for that Obligor unless, in relation to any set of financial statements, the Parent notifies the Agent that there has been a change in the Accounting Principles or the accounting practices and its Auditors (or, if appropriate, the Auditors of the Obligor) deliver to the Agent:
 - (A) a description of any change necessary for those financial statements to reflect the Accounting Principles or accounting practices upon which the relevant Obligor's Original Financial Statements were prepared; and
 - (B) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders to determine whether Clause 22 (Financial covenants) has been complied with and to make an accurate comparison between the financial position indicated in those financial statements and the relevant Obligor's Original Financial Statements.

Any reference in this Agreement to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

- (c) If the Agent wishes to discuss the financial position of any member of the Group with the Auditors, the Agent may notify the Parent, stating the questions or issues which the Agent wishes to discuss with the Auditors. In this event, the Parent must ensure that the Auditors are authorised (at the expense of the Parent):
 - (iv) to discuss the financial position of each member of the Group with the Agent on request from the Agent; and
 - (v) to disclose to the Agent for the Finance Parties any information which the Agent may reasonably request.

21.4. Budget

- (a) The Parent shall supply to the Agent, in sufficient copies for all the Lenders, as soon as the same become available but in any event within 60 days after the start of each of its Financial Years, an annual Budget for that financial year.
- (b) The Parent shall ensure that each Budget:
 - (i) is in a form reasonably acceptable to the Agent and includes a projected consolidated profit and loss, balance sheet and cashflow statement for the Group, projected financial covenant calculations and projected Capital Expenditure (including, without limitation, any such Capital Expenditure incurred using funds provided for the purpose by the UK Acquisition Company);

- (ii) is prepared in accordance with the Accounting Principles and the accounting practices and financial reference periods applied to financial statements under Clause 21.1 (Financial statements); and
 - (iii) has been approved by the board of directors of the Parent.
- (c) If the Parent updates or changes the Budget, it shall within not more than five days of the update or change being made deliver to the Agent, in sufficient copies for each of the Lenders, such updated or changed Budget together with a written explanation of the main changes in that Budget.

21.5. Presentations

Once in every financial year, or more frequently if requested to do so by the Agent if the Agent reasonably suspects a Default is continuing or may have occurred or may occur, at least two directors of the Parent (one of whom shall be the finance director) must give a presentation to the Finance Parties about:

- (a) the on-going business and financial performance of the Group; and
- (b) any other matter which a Finance Party may reasonably request.

21.6. Year-end

- (a) The Parent shall, as soon as reasonably practicable after the Restatement Date, change its Accounting Reference Date (and the Accounting Reference Date of each other member of the Group) to 31 January but shall not otherwise change its Accounting Reference Date and shall procure that (other than to 31 January) no member of the Group changes its Accounting Reference Date.
- (b) The Parent shall procure that each Accounting Period ends on an accounting date for the purposes of the preparation of the financial statements of the Group.

21.7. Information: miscellaneous

The Parent shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) at the same time as they are dispatched, copies of all documents dispatched by the Parent to its shareholders generally (or any class of them) or dispatched by the Parent or any Obligors to its creditors generally (or any class of them);
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group, and which, if adversely determined, are reasonably likely to have a Material Adverse Effect or which would involve a liability, or a potential or alleged liability, exceeding £100,000 (or its equivalent in other currencies);
- (c) promptly upon becoming aware of the relevant disposal or claim, details of any disposal or insurance claim which will require a prepayment under Clause 8.2 (Disposal and Insurance Proceeds);

- (d) at the same time as each board pack in relation to any proposed new store opening is distributed to the board of directors of the Parent or any other member of the Group, a copy of that board pack;
- (e) promptly, such information as the Security Trustee may reasonably require about the Charged Property and compliance of the Obligor with the terms of any Transaction Security Documents; and
- (f) promptly on request, such further information regarding the financial condition, assets and operations of the Group and/or any member of the Group (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Obligor under this Agreement, any changes to Senior Management and an up to date copy of its shareholders' register (or equivalent in its jurisdiction of incorporation)) as any Finance Party through the Agent may reasonably request.

21.8. Notification of default

- (a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Agent, the Parent shall supply to the Agent a certificate signed by one of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

21.9. "Know your customer" checks

- (a) If:
 - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
 - (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable

laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary "know your customer" or similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (c) The Parent shall, by not less than 10 Business Days' prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Obligor pursuant to Clause 26 (Changes to the Obligors).
- (d) Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Obligor obliges the Agent or any Lender to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Parent shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Obligor.

22. FINANCIAL COVENANTS

22.1. Financial definitions

In this Agreement:

"**Cashflow**" means, in respect of any Relevant Period, EBITDA for that Relevant Period after:

- (a) adding the amount of any decrease (and deducting the amount of any increase) in Working Capital for that Relevant Period;
- (b) adding the amount of any cash receipts (and deducting the amount of any cash payments) during that Relevant Period in respect of any Exceptional Items not already taken account of in calculating EBITDA for any Relevant Period (other than, in the case of cash receipts, Relevant Proceeds);
- (c) adding the amount of any cash receipts during that Relevant Period in respect of any Tax rebates or credits and deducting the amount actually paid or due and payable in respect of Taxes during that Relevant Period by any member of the Group;
- (d) adding the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not Current Assets or Current Liabilities) and deducting the amount of any non-cash credits (which are not Current Assets or

Current Liabilities) in each case to the extent taken into account in establishing EBITDA;

- (e) deducting the amount of any Capital Expenditure actually made during that Relevant Period by any member of the Group (other than any amounts contributed for such purpose by the UK Acquisition Company in accordance with the terms of Clause 23.29(a)) less, to the extent not already taken into account in determining EBITDA, any landlords' inducements actually received in cash;
- (f) adding the amount of any New Shareholder Injections permitted to be included in Cashflow pursuant to Clause 22.4 (Equity Cure),

and so that no amount shall be added (or deducted) more than once and there shall be excluded the effect of all cash movements associated with the Deal Costs.

"Cashflow Cover" means the ratio of Cashflow to Debt Service in respect of any Relevant Period.

"Current Assets" means the aggregate (on a consolidated basis) of all inventory, work in progress, trade and other receivables of each member of the Group including prepayments in relation to operating items and sundry debtors (but excluding Cash) maturing within twelve months from the date of computation but **excluding** amounts in respect of:

- (a) receivables in relation to Tax;
- (b) Exceptional Items and other non-operating items;
- (c) any interest owing to any member of the Group; and
- (d) prepaid Deal Costs.

"Current Liabilities" means the aggregate (on a consolidated basis) of all liabilities (including trade creditors, accruals and provisions) of each member of the Group falling due within twelve months from the date of computation but **excluding** amounts in respect of:

- (a) liabilities for Financial Indebtedness and Finance Charges;
- (b) liabilities for Tax;
- (c) Exceptional Items and other non-operating items; and
- (d) liabilities in relation to dividends declared but not paid by the Parent or by a member of the Group in favour of a person which is not a member of the Group.

"Debt Service" means, in respect of any Relevant Period, the aggregate of:

- (a) Finance Charges for that Relevant Period;
- (b) the aggregate of all scheduled repayments of Financial Indebtedness falling due during that Relevant Period but excluding:

- (i) any amounts falling due under the Working Capital Facility Letter, Facility C or any other overdraft or revolving facility and which were available for simultaneous redrawing according to the terms of that facility; and
- (ii) any such obligations owed to any member of the Group;
- (c) all payments made in that Relevant Period falling within the definition of "Permitted Payment", other than under paragraph (a) of that definition; and
- (d) the amount of the capital element of any payments in respect of that Relevant Period payable under any Finance Lease entered into by any member of the Group,

and so that no amount shall be included more than once.

"**EBIT**" means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation:

- (a) **before deducting** any Finance Charges;
- (b) **not including** any accrued interest owing to any member of the Group;
- (c) **before taking into account** any Exceptional Items;
- (d) **before deducting** any Deal Costs;
- (e) **excluding** the amount of any profit of any member of the Group which is attributable to minority interests;
- (f) **before taking into account** any unrealised gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
- (g) **before taking into account** any gain or loss arising from an upward or downward revaluation of any other asset;
- (h) **before deducting** any amount that in accordance with the Accounting Principles is required to be deducted from the operating profits of the Group but which is in fact attributable to payments to be made by the UK Acquisition Company to either of Colin Temple or Mark Crutchley in accordance with the terms of the Acquisition Agreement;

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

"**EBITDA**" means, in respect of any Relevant Period, EBIT for that Relevant Period **after adding back** any amount attributable to the amortisation, depreciation or impairment of assets of members of the Group.

"**Exceptional Items**" means any material items of an unusual or non-recurring nature which represent gains or losses including those arising on:

- (a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- (b) disposals, revaluations or impairment of non-current assets;
- (c) disposals of assets associated with discontinued operations; and
- (d) the termination of any Treasury Transaction.

"Finance Charges" means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid or payable by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period:

- (a) **including** the interest (but not the capital) element of payments in respect of Finance Leases;
- (b) **including** any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Group under any interest rate hedging arrangement;
- (c) **excluding** any Deal Costs,

and so that no amount shall be added (or deducted) more than once.

"Financial Quarter" means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

"Financial Year" means the annual accounting period of the Group ending on or about 31 January.

"Interest Cover" means the ratio of EBITDA to Finance Charges in respect of any Relevant Period.

"Leverage" means, in respect of any Relevant Period, the ratio of Total Net Debt on the last day of that Relevant Period to EBITDA in respect of that Relevant Period.

"New Shareholder Injection" means the aggregate amount of cash subscribed for by any Holding Company of the Parent for ordinary shares in the Parent or for subordinated loan notes (or other subordinated debt instruments) in the Parent, such subordination to be on the terms set out in the Subordination Agreements or otherwise acceptable to the Lenders.

"Quarter Date" means 31 January, 30 April, 31 July and 31 October (or such other date as represents the last trading Saturday in the relevant month or the next month as set out in the Genesco Closing Schedule) in each year.

"Relevant Period" means the period of 12 months ending on a Quarter Date.

"Relevant Proceeds" means Disposal Proceeds or Insurance Proceeds (each as defined in Clause 8.2 (Disposal, Insurance Proceeds)).

"Total Net Debt" means, at any time, the aggregate amount of all obligations of members of the Group for or in respect of Financial Indebtedness at that time but:

- (a) **excluding** any such obligations to any other member of the Group;
- (b) **including**, in the case of Finance Leases only, their capitalised value;
- (c) **excluding** any amount falling within paragraph (f) (Treasury Transactions) of the definition of Financial Indebtedness; and
- (d) **deducting** the aggregate amount of Cash held by any member of the Group at that time,

and so that no amount shall be included or excluded more than once.

"Working Capital" means, on any date, Current Assets less Current Liabilities.

22.2. Financial condition

The Parent shall ensure that:

- (a) *Cashflow Cover*: Cashflow Cover in respect of any Relevant Period up to and including the Relevant Period ending on or around 29 April 2017 shall not be less than 1:1. For the avoidance of doubt, Cashflow Cover will not be tested after the test in respect of the Relevant Period ending on or around 29 April 2017.
- (b) *Interest Cover*: Interest Cover in respect of any Relevant Period shall be not less than 4.5:1.
- (c) *Leverage*: Leverage in respect of any Relevant Period ending on the Quarter Date specified in column 1 below shall not exceed the ratio set out in column 2 below opposite that Quarter Date:

Column 1 Quarter Date	Column 2 Ratio
1 August 2015	2.25:1
31 October 2015	2.25:1
30 January 2016	2.25:1
30 April 2016	2.0:1
30 July 2016	2.0:1
29 October 2016	2.0:1
28 January 2017	2.0:1
29 April 2017	1.75:1
29 July 2017	1.75:1
28 October 2017	1.75:1
3 February 2018	1.75:1
28 April 2018	1.75:1
28 July 2018	1.75:1
27 October 2018	1.75:1
2 February 2019	1.75:1
4 May 2019	1.75:1
3 August 2019	1.75:1

22.3. Financial testing

The financial covenants set out in Clause 22.2 (Financial condition) shall be calculated in accordance with the Accounting Principles as applied to the Original Financial Statements and tested by reference to each of the financial statements delivered pursuant to paragraphs (a)(i) and (b) of Clause 21.1 (Financial Statements) and/or each Compliance Certificate delivered pursuant to Clause 21.2 (Provision and contents of Compliance Certificate).

22.4. Equity Cure

- (a) In the event of any breach of any of the financial covenants in Clause 22.2 (Financial condition) (each a "**Financial Covenant**") for any Relevant Period ending on a Quarter Date (the "**Relevant Quarter Date**"), the Parent may, not later than 15 Business Days (the "**Reference Date**") after the last date for delivery of the Compliance Certificate for that Relevant Period, inject into the Group the cash proceeds of any New Shareholder Injection (the "**Cure Amount**") to remedy non-compliance with a Financial Covenant.
- (b) The effect of the Cure Amount shall (subject to the provisions of this Clause) be that each Financial Covenant is recalculated to give effect to the following adjustments:
 - (i) for the purpose of calculating Cashflow Cover, the Cure Amount shall either (at the option of the Parent):
 - (1) be included in the calculation of Cashflow for that Relevant Period and (unless and until it is released to the Parent in terms of paragraph (e) below) the next three Relevant Periods; or
 - (2) reduce Total Net Debt as at the start of the Relevant Period in which the non-compliance occurred and (unless and until it is released to the Parent in terms of paragraph (e) below) the next three Relevant Periods, and Debt Service shall be recalculated for such Relevant Periods on a pro forma basis as if the Total Net Debt has been so reduced (and applied against Facility A, Facility B and Facility C in accordance with the terms of Clause 7.3(b));
 - (ii) for the purpose of calculating Leverage, the Cure Amount shall reduce Total Net Debt as at the end of that Relevant Period; and
 - (iii) for the purpose of calculating Interest Cover, the Cure Amount shall be deemed to have been applied in prepayment of the Facilities at the beginning of that Relevant Period and at the beginning of the next three Relevant Periods and Finance Charges for that Relevant Period and (unless and until it is released to the Parent in terms of paragraph (e) below) the next three Relevant Periods shall be recalculated on a pro forma basis as if the Facilities had been so reduced.
- (c) If the re-testing of the Financial Covenants after giving effect to paragraphs (a) and (b) above demonstrates no breach has occurred in respect of the Relevant Period, then the relevant breach shall be deemed to have been remedied.
- (d) A Cure Amount may be injected up to four times over the duration of the Facilities and may not be injected in consecutive Financial Quarters.
- (e) The Parent shall procure that each Cure Amount is credited to the Escrow Account and shall be retained in the Escrow Account until the date of the Quarter Date falling 6 Months after the Relevant Quarter Date at which time it will be released to the Parent if the Parent delivers an Escrow Account Certificate to the Agent within 5 Business Days of such date. In the event that any Default occurs while any amount is held in the Escrow Account or the Parent fails to deliver an Escrow Account Certificate to the Agent within 5 Business Days of

the date falling 6 Months after the Relevant Quarter Date, the balance of the Escrow Account may (at the discretion of the Agent, acting on the instructions of the Majority Lenders) be applied immediately in or towards permanent prepayment of Loans with such amount being applied against the Loans in the same manner as voluntary prepayments under Clause 7.3 (Voluntary Prepayment of Term Loans) or Clause 7.4 (Voluntary Prepayment of Facility C Loans).

- (f) Any recalculation made under this Clause 22.4 will be solely for the purpose of curing a Financial Covenant breach and not for any other purpose such as calculation of Margin.

23. GENERAL UNDERTAKINGS

The undertakings in this Clause 23 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

23.1. Authorisations

Each Obligor shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

- (i) enable it to perform its obligations under the Finance Documents;
- (ii) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document; and
- (iii) carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.

23.2. Compliance with laws

Each Obligor shall (and the Parent shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

23.3. Environmental compliance

Each Obligor shall (and the Parent shall ensure that each member of the Group will):

- (i) comply with all Environmental Law;
- (ii) obtain, maintain and ensure compliance with all requisite Environmental Permits;
- (iii) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

23.4. Environmental claims

Each Obligor shall (through the Parent), promptly upon becoming aware of the same, inform the Agent in writing of:

- (a) any Environmental Claim against any member of the Group which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

23.5. Taxation

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
 - (i) such payment is being contested in good faith;
 - (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Agent under Clause 21.1 (Financial statements); and
 - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (b) No member of the Group may change its residence for Tax purposes.

23.6. Merger

No Obligor shall (and the Parent shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction or a Permitted Merger.

23.7. Change of business

The Parent shall procure that no substantial change is made to the general nature of the business of the Group from that carried on by the Group at the date of this Agreement without the prior written consent of the Majority Lenders.

23.8. Acquisitions

- (a) Except as permitted under either Clause 23.29 (Capital Expenditure) or paragraph (b) below, no Obligor shall (and the Parent shall ensure that no other member of the Group will):

- (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or any assets; or
 - (ii) incorporate a company.
- (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking or any assets (or, in each case, any interest in any of them) or the incorporation of a company which is:
- (i) a Permitted Acquisition; or
 - (ii) a Permitted Transaction.

23.9. Joint ventures

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will):
- (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
 - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).
- (b) Paragraph (a) above does not apply to any acquisition (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee given in respect of the obligations of a Joint Venture if such transaction is a Permitted Joint Venture.

23.10. Dormant subsidiaries

Not restated.

23.11. Preservation of assets

Each Obligor shall (and the Parent shall ensure that each member of the Group will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business.

23.12. Pari passu ranking

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

23.13. Negative pledge

In this Clause 23.13, "**Quasi-Security**" means a transaction described in paragraph (b) below.

Except as permitted under paragraph (c) below:

- (a) No Obligor shall (and the Parent shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets.
- (b) No Obligor shall (and the Parent shall ensure that no other member of the Group will):
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, which is:
 - (i) a Permitted Security; or
 - (ii) a Permitted Transaction.

23.14. Disposals

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal which is:
 - (i) a Permitted Disposal; or
 - (ii) a Permitted Transaction.

23.15. Arms' length basis

- (a) Except as permitted by paragraph (b) below, no Obligor shall (and the Parent shall ensure no member of the Group will) enter into any transaction with any person except on arms' length terms and for full market value.
- (b) The following transactions shall not be a breach of this Clause 23.15:

- (i) intra-Group loans permitted under Clause 23.16 (Loans or credit);
- (ii) fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents delivered to the Agent under Clause 4.1 (Initial conditions precedent) or agreed by the Agent; and
- (iii) any Permitted Transactions.

23.16. Loans or credit

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) be a creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to:
 - (i) a Permitted Loan; or
 - (ii) a Permitted Transaction.

23.17. No Guarantees or indemnities

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.
- (b) Paragraph (a) does not apply to a guarantee which is:
 - (i) a Permitted Guarantee; or
 - (ii) a Permitted Transaction.

23.18. Corporate fees, dividends and share redemptions

- (a) Except as permitted under paragraph (b) below, the Parent shall not (and will ensure that no other member of the Group will):
 - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
 - (ii) repay or distribute any dividend or share premium reserve;
 - (iii) pay or allow any member of the Group to pay any management charges or fees or any advisory or other fees to (or to the order of) any of the shareholders of the Parent (or to any Holding Company of any such shareholders);
 - (iv) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or

- (v) repay any loans advanced by the UK Acquisition Company or its Holding Company other than by way of a Permitted Payment.
- (b) Paragraph (a) above does not apply to:
 - (i) a Permitted Payment;
 - (ii) a Permitted Transaction (other than one referred to in paragraph (c) of the definition of that term); or
 - (iii) management charges or fees or other advisory or other fees payable by members of the Group to the UK Acquisition Company not exceeding £500,000 in aggregate in any Financial Year.

23.19. Financial Indebtedness

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) incur or allow to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to Financial Indebtedness which is:
 - (i) Permitted Financial Indebtedness; or
 - (ii) a Permitted Transaction.

23.20. Share capital

No Obligor shall (and the Parent shall ensure no member of the Group will) issue any shares except pursuant to:

- (a) a Permitted Share Issue; or
- (b) a Permitted Transaction.

23.21. Insurance

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.
- (b) All insurances must be with reputable independent insurance companies or underwriters.
- (c) Not restated.
- (d) Within 30 days of the date of this Agreement, the Parent shall provide to the Agent written evidence that the insurance policy(ies) relating to the Charged Property contain (in form and substance reasonably satisfactory to the Security Trustee) an endorsement naming the Security Trustee as sole loss payee.

23.22. Pensions

The Parent shall ensure that no member of the Group is or has been at any time an employer (for the purposes of Sections 38 to 51 of the Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pension Schemes Act 1993) or "connected" with or an "associate" of (as those terms are under in Sections 38 or 43 of the Pensions Act 2004) such an employer.

23.23. Access

If a Default is continuing or the Agent reasonably suspects a Default is continuing or may occur, each Obligor shall, and the Parent shall ensure that each Obligor will, (not more than once in every Financial Year unless the Agent reasonably suspects a Default is continuing or may occur) permit the Agent and/or the Security Trustee and/or accountants or other professional advisers and contractors of the Agent or Security Trustee free access at all reasonable times and on reasonable notice at the risk and cost of the Obligors to (a) the premises, assets, books, accounts and records of each Obligor and (b) meet and discuss matters with Senior Management.

23.24. Management

- (a) The Parent must ensure that there is in place in respect of each Obligor qualified management with appropriate skills.
- (b) If any of the Senior Management ceases (whether by reason of death, retirement at normal retiring age or through ill health or otherwise) to perform his or her duties, the Parent must as soon as reasonably practicable thereafter:
 - (i) notify the Agent; and
 - (ii) after consultation with the Agent as to the identity of such replacement person, find and appoint an adequately qualified replacement for him or her as promptly as practicable.

23.25. Intellectual Property

Each Obligor shall and the Parent shall procure that each member of the Group will:

- (a) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the relevant member of the Group;
- (b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;
- (c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
- (d) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any member of the Group to use such property; and
- (e) not discontinue the use of the Intellectual Property,

where failure to do so, in the case of paragraphs (a) and (b) above, or, in the case of paragraphs (d) and (e) above, such use, permission to use, omission or discontinuation, is reasonably likely to have a Material Adverse Effect.

23.26. Amendments

No Obligor shall (and the Parent shall ensure that no member of the Group will) amend, vary, novate, supplement, supersede, waive or terminate any term of a Transaction Document or any other document delivered to the Agent pursuant to Clauses 4.1 (Initial conditions precedent) or Clause 26 (Changes to the Obligors) or enter into any agreement with any shareholders of the Parent or any of their Affiliates which is not a member of the Group except in writing:

- (a) in accordance with the provisions of Clause 37 (Amendments and Waivers); or
- (b) after the date of this Agreement, in a way which could not be reasonably expected materially and adversely to affect the interests of the Lenders.

The Parent shall promptly supply to the Agent a copy of any document relating to any of the matters referred to in paragraphs (a) and (b) above.

23.27. Financial assistance

Each Obligor shall (and the Parent shall procure each member of the Group will) comply in all respects with Section 63 of the Companies Act 1963 in Ireland and any equivalent legislation in other jurisdictions including in relation to the execution of the Transaction Security Documents and payment of amounts due under this Agreement, in each case where relevant.

23.28. Group bank accounts

The Parent shall ensure that all bank accounts of the Group (other than the Permitted Bank Accounts but including the Holding Account, the Mandatory Prepayment Account and the Escrow Account) shall be opened and maintained with a Finance Party or an Affiliate of a Finance Party and are subject to valid Security under the Transaction Security Documents.

23.29. Capital Expenditure

- (a) Subject to paragraph (b) below, the aggregate Capital Expenditure of the Group in respect of any Financial Year shall not exceed 115% of the amount approved by the Agent in the Budget (or in any updated or changed Budget) for that Financial Year.
- (b) Capital Expenditure of the Group in excess of the limit specified in paragraph (a) above (or any other limit agreed between the Parent and the Majority Lenders) may be incurred using funds provided for the purpose by the UK Acquisition Company, and made available by subscription for ordinary shares in the Parent or by way of loan complying with the terms of paragraph (g) of Permitted Financial Indebtedness.

23.30. Treasury Transactions

- (a) No Obligor shall (and the Parent will procure that no members of the Group will) enter into any Treasury Transaction, other than (with a member of the LBG Group provided that its terms are broadly competitive):
 - (i) the hedging transactions documented by the Hedging Agreements;
 - (ii) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and
 - (iii) any Treasury Transaction entered into for the hedging of actual or projected real exposures arising in the ordinary course of trading activities of a member of the Group for a period of not more than 12 months and not for speculative purposes.
- (b) Not restated.

23.31. Further assurance

- (a) Each Obligor shall (and the Parent shall procure that each member of the Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Trustee may reasonably specify (and in such form as the Security Trustee may reasonably require in favour of the Security Trustee or its nominee(s)):
 - (i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of the Security Trustee or the Finance Parties provided by or pursuant to the Finance Documents or by law;
 - (ii) to confer on the Security Trustee or confer on the Finance Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Transaction Security Documents; and/or
 - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.
- (b) Each Obligor shall (and the Parent shall procure that each member of the Group shall) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Trustee or the Finance Parties by or pursuant to the Finance Documents.

23.32. Payment of Loan Notes

Not restated.

23.33. Acquisition Agreement

The Parent will not agree to amend or waive or permit the amendment or waiver of any of the material terms of the Acquisition Agreement, without the consent of the Agent, which consent will not be unreasonably withheld or delayed.

23.34. Sanctions and anti-corruption law

No Borrower may request any Loan, and no Borrower shall use, and each Borrower shall procure that its Subsidiaries and its or their respective directors, officers and employees shall not use, the proceeds of any Loan:

- (a) in furtherance of an offer, payment, promise to pay, or authorisation of the payment or giving of money, or anything else of value, to any Sanctioned Person or in violation of any Anti-Corruption Laws;
- (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country; or
- (c) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

23.35. Guarantors

The Parent shall ensure that, at all times after the Fourth Restatement Date, the aggregate gross assets, aggregate operating profit and aggregate turnover (net of VAT) of the Guarantors (in each case calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) represents not less than ninety (90) per cent of consolidated gross assets, operating profit and turnover (net of VAT) of the Group.

23.36. Condition Subsequent

23.36.1. The Parent shall procure that the Noteholder Securities (as defined in the Ranking Agreement) are released on or by the later of (a) 30 June 2015 and (b) the date that the amounts secured by the Noteholder Securities (as defined in the Ranking Agreement) are repaid in full.

23.36.2. The Parent shall procure that within 10 Business Days of the Fourth Restatement Date it shall deliver to the Agent:

- (i) evidence satisfactory to the Agent that the £5,500,000 promissory note originally issued by Schuh Limited to Genesco Inc. has been assigned to be owed by Schuh Limited to Genesco (UK) Limited; and
- (ii) a subordination agreement in form and substance satisfactory to the Agent signed by the UK Acquisition Company, the Security Trustee and each Obligor.

24. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 23.35 is an Event of Default (save for Clause 24.21 (Acceleration)).

24.1. Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document (other than amounts due and payable under the Working Capital Facility Letter) at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by:
 - (i) administrative or technical error; or
 - (ii) a Disruption Event; and
- (b) payment is made within three Business Days of its due date.

24.2. Financial covenants and other obligations

- (a) Any requirement of Clause 22 (Financial covenants) is not satisfied or an Obligor does not comply with the provisions of any of Clauses 21.1 (Financial Statements), 21.2 (Provision and contents of Compliance Certificate), 23.13 (Negative Pledge), 23.14 (Disposals), 23.16 (Loans or credit), 23.17 (No Guarantees or indemnities), 23.18 (Dividends and share redemption), 23.19 (Financial Indebtedness), 23.26 (Amendments) and 23.36 (Conditions Subsequent).
- (b) An Obligor does not comply with any provision of any Transaction Security Document.

24.3. Other obligations

- (a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 24.1 (Non-payment) and Clause 24.2 (Financial covenants and other obligations)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 15 Business Days (or such other period (if any) as the Agent may agree) of the earlier of (i) the Agent giving notice to the Parent or relevant Obligor or (ii) the Parent or an Obligor becoming aware of the failure to comply.

24.4. Misrepresentation

- (a) Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.
- (b) No Event of Default under paragraph (a) will occur if the matter giving rise to the breach is capable of remedy and is remedied within 15 Business Days (or such other period (if any) as the Agent may agree) of the earlier of (i) the Agent giving notice to the Parent or relevant Obligor or (ii) the Parent or an Obligor becoming aware of the breach.

24.5. Cross default

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).
- (d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 24.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than £100,000 (or its equivalent in any other currency or currencies) or (for a period of 15 Business Days) if the Financial Indebtedness relates to the Working Capital Facility.

24.6. Insolvency

- (a) A member of the Group is unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of any member of the Group is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any member of the Group. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

24.7. Insolvency proceedings

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, examination or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any member of the Group;
 - (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, examiner, compulsory manager or other similar officer in respect of any member of the Group or any of its assets; or

(iv) enforcement of any Security over any assets of any member of the Group,

or any analogous procedure or step is taken in any jurisdiction.

(b) Paragraph (a) shall not apply to:

(i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement or, if earlier, the date on which it is advertised; or

(ii) any step or procedure contemplated by paragraph (b) of the definition of Permitted Transaction.

24.8. Creditors' process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of Obligor having an aggregate value of £250,000 or more (after taking into account the anticipated level of insurance proceeds (if any) which the Obligor will be entitled to receive and which in the opinion of the Agent (acting reasonably) is not being contested) and is not discharged within 10 Business Days.

24.9. Unlawfulness and invalidity

(a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective.

(b) Any obligation or obligations of any Obligor under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.

(c) Any Finance Document ceases to be in full force and effect or any Transaction Security ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

24.10. Cessation of business

Any member of the Group suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business except as a result of a Permitted Disposal or a Permitted Transaction.

24.11. Change of ownership

(a) After the date of this Agreement, an Obligor (other than the Parent) ceases to be a wholly-owned Subsidiary of the Parent; or

(b) an Obligor ceases to own at least the same percentage of shares in a Material Company as at the date of this Agreement,

except, in either case, as a result of a disposal which is a Permitted Disposal or a Permitted Transaction.

24.12. Constitutional Documents

The Parent amends, varies, supplements, supersedes, waives or terminates its Constitutional Documents in any way that has a material and adverse impact on the Lenders without the prior written consent of the Majority Lenders.

24.13. Change of management

Not restated.

24.14. Change of Key Personnel

Not restated.

24.15. Audit qualification

The Auditors of the Group qualify the audited annual consolidated financial statements of the Parent in a manner which the Majority Lenders (acting reasonably) consider material in the context of the Finance Documents.

24.16. Expropriation

The authority or ability of any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets.

24.17. Repudiation and rescission of agreements

An Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

24.18. Litigation

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against any member of the Group or its assets which has or is reasonably likely to have a Material Adverse Effect.

24.19. Material adverse change

Any event or circumstance occurs which is reasonably likely to have a Material Adverse Effect.

24.20. Employee Benefit Trust

Not restated.

24.21. Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Parent:

- (a) cancel the Total Commitments at which time they shall immediately be cancelled;
- (b) declare that all or part of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;
- (c) declare that all or part of the Utilisations be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or
- (d) exercise or direct the Security Trustee to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

SECTION 9

CHANGES TO PARTIES

25. CHANGES TO THE LENDERS

25.1. Assignments and transfers by the Lenders

Subject to this Clause 25 a Lender (the "**Existing Lender**") may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "**New Lender**").

25.2. Conditions of assignment or transfer

- (a) An Existing Lender must consult with the Parent for no more than 10 days before it may make an assignment or transfer in accordance with Clause 25.1 (Assignments and transfers by the Lenders) unless the assignment or transfer is:
 - (i) to another Lender or an Affiliate of a Lender;
 - (ii) if the Existing Lender is a fund, to a fund which is a Related Fund of the Existing Lender; or
 - (iii) made at a time when an Event of Default is continuing.
- (b) An assignment will only be effective on:
 - (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender;
 - (ii) the New Lender entering into the documentation required for it to accede as a party to the Intercreditor Agreement; and
 - (iii) the performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Lender and the New Lender.
- (c) A transfer will only be effective if the New Lender enters into the documentation required for it to accede as a party to the Intercreditor Agreement and if the procedure set out in Clause 25.5 (Procedure for transfer) is complied with.
- (d) If:

- (iv) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
- (v) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 14 (Tax gross-up and indemnities) or Clause 15 (Increased Costs),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

- (e) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has the authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

25.3. Assignment or transfer fee

Unless the Agent otherwise agrees and excluding an assignment or transfer (i) to an Affiliate of a Lender, or (ii) to a Related Fund or (iii) made in connection with primary syndication of the Facilities, the New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of £1,500.

25.4. Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
 - (i) the legality, validity, effectiveness, adequacy or enforceability of the Transaction Documents, the Transaction Security or any other documents;
 - (ii) the financial condition of any Obligor;
 - (iii) the performance and observance by any Obligor or any other member of the Group of its obligations under the Transaction Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document or any other document,

and any representations or warranties implied by law are excluded.

- (b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:
 - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor

and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
 - (iii) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 25; or
 - (iv) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Transaction Documents or otherwise.

25.5. Procedure for transfer

- (a) Subject to the conditions set out in Clause 25.2 (Conditions of assignment or transfer) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) On the Transfer Date:
 - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the "**Discharged Rights and Obligations**");
 - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor or other member of the Group and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

- (iii) the Agent, the Arranger, the Security Trustee, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arranger and the Security Trustee and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
- (iv) the New Lender shall become a Party as a "**Lender**".

25.6. Procedure for assignment

- (a) Subject to the conditions set out in Clause 25.2 (Conditions of assignment or transfer) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) On the Transfer Date:
 - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
 - (ii) the Existing Lender will be released from the obligations (the "**Relevant Obligations**") expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
 - (iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 25.6 to assign their rights under the Finance Documents **provided that** they comply with the conditions set out in Clause 25.2 (Conditions of assignment or transfer).

25.7. Copy of Transfer Certificate or Assignment Agreement to Parent

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, an Assignment Agreement or an Increase Confirmation, send to the Parent a copy of that Transfer Certificate or Assignment Agreement or Increase Confirmation.

25.8. Disclosure of information

- (a) Any Lender may disclose to any of its Affiliates and any other person:
 - (i) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under the Finance Documents;
 - (ii) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, the Finance Documents or any Obligor; or
 - (iii) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation; or
 - (iv) for whose benefit that Lender charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 25.9 (Security over Lenders' rights); and
- (b) any Finance Party may disclose to a rating agency or its professional advisers, or (with the consent of the Parent) any other person,

any information about any Obligor, the Group and the Finance Documents as that Lender or other Finance Party shall consider appropriate if in relation to paragraphs (a)(i) and (ii) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.

Any Confidentiality Undertaking signed by a Finance Party pursuant to this Clause 25.8 shall supersede any prior confidentiality undertaking signed by such Finance Party for the benefit of any member of the Group.

25.9. Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 25, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

- (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

25.10. Pro rata interest settlement

If the Agent has notified the Lenders that it is able to distribute interest payments on a "pro rata basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 25.5 (Procedure for transfer) or any assignment pursuant to Clause 25.6 (Procedure for assignment) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("Accrued Amounts") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
- (b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts so that, for the avoidance of doubt:
- (c) when the Accrued Amounts become payable, those Accrued Amounts will be payable for the account of the Existing Lender; and
- (d) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 25.10, have been payable to it on that date, but after deduction of the Accrued Amounts.

In this Clause 25.10 references to "Interest Period" shall be construed to include a reference to any other period for accrual of fees.

25.11. Debt Purchase Transactions

- (a) The Parent shall not, and shall procure that each other member of the Group shall not (i) enter into any Debt Purchase Transaction or (ii) beneficially own all or any part of the share capital of a company that is a Lender or a party to a Debt Purchase Transaction of the type referred to in paragraphs (ii) or (iii) of the definition of Debt Purchase Transaction.
- (b) For so long as any shareholder in the Parent (i) beneficially owns a Commitment or (ii) has entered into a sub-participation agreement relating to a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement has not been terminated:
 - (i) in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents such Commitment shall be deemed to be zero; and
 - (ii) for the purposes of Clause 37.2 (Exceptions), such shareholder in the Parent or the person with whom it has entered into such sub-

participation, other agreement or arrangement shall be deemed not to be a Lender.

- (c) Each Lender shall, unless such Debt Purchase Transaction is an assignment or transfer, promptly notify the Agent in writing if it knowingly enters into a Debt Purchase Transaction with a shareholder in the Parent (a "**Notifiable Debt Purchase Transaction**").
- (d) A Lender shall promptly notify the Agent if a Notifiable Debt Purchase Transaction to which it is a party:
 - (i) is terminated; or
 - (ii) ceases to be with a shareholder in the Parent.
- (e) Each shareholder in the Parent that is a Lender agrees that:
 - (i) in relation to any meeting or conference call to which all the Lenders are invited to attend or participate, it shall not attend or participate in the same if so requested by the Agent or, unless the Agent otherwise agrees, be entitled to receive the agenda or any minutes of the same; and
 - (ii) in its capacity as Lender, unless the Agent otherwise agrees, it shall not be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Agent or one or more of the Lenders.

26. CHANGES TO THE OBLIGORS

26.1. Assignment and transfers by Obligor

No Obligor or any other member of the Group may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

26.2. Additional Borrowers

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 21.9 ("Know your customer" checks), the Parent may request that any of its wholly owned Subsidiaries which is not a Dormant Subsidiary becomes a Borrower. That Subsidiary shall become a Borrower if:
 - (i) it is incorporated in the same jurisdiction as an existing Borrower and the Majority Lenders approve the addition of that Subsidiary or otherwise if all the Lenders approve the addition of that Subsidiary;
 - (ii) the Parent and that Subsidiary deliver to the Agent a duly completed and executed Accession Letter;
 - (iii) the Subsidiary is (or becomes) a Guarantor prior to becoming a Borrower;
 - (iv) the Parent confirms that no Default is continuing or would occur as a result of that Subsidiary becoming an Additional Borrower; and

- (v) the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (Conditions precedent) in relation to that Additional Borrower, each in form and substance satisfactory to the Agent.
- (b) The Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (Conditions precedent).
- (c) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (b) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.
- (d) Upon becoming an Additional Borrower that Subsidiary shall make any filings (and provide copies of such filings) as required by paragraph (g) of Clause 14.2 (Tax gross-up) and paragraph (b) of Clause 14.6 (HMRC DT Treaty Passport scheme confirmation) in accordance with those paragraphs.

26.3. Resignation of a Borrower

- (a) In this Clause 26.3, Clause 26.5 (Resignation of a Guarantor) and Clause 26.7 (Resignation and release of Security on disposal), "**Third Party Disposal**" means the disposal of an Obligor to a person which is not a member of the Group where that disposal is permitted under Clause 23.14 (Disposals) or made with the approval of the Majority Lenders (and the Parent has confirmed this is the case).
- (b) With the prior consent of all the Lenders, the Parent may request that a Borrower ceases to be a Borrower by delivering to the Agent a Resignation Letter. If a Borrower is the subject of a Third Party Disposal, the Parent may request that such Borrower (other than the Parent, Holdings or the Company) ceases to be a Borrower by delivering to the Agent a Resignation Letter.
- (c) The Agent shall accept a Resignation Letter and notify the Parent and the other Finance Parties of its acceptance if:
 - (i) the Parent has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;
 - (ii) the Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents;
 - (iii) where the Borrower is also a Guarantor (unless its resignation has been accepted in accordance with Clause 26.5 (Resignation of a Guarantor)), its obligations in its capacity as Guarantor continue to be legal, valid, binding and enforceable and in full force and effect (subject to the Legal Reservations) and the amount guaranteed by it as a Guarantor is not decreased (and the Parent has confirmed this is the case); and
 - (iv) the Parent has confirmed that it shall ensure that any relevant Disposal Proceeds will be applied in accordance with Clause 8.3 (Application of mandatory prepayments).

- (d) Upon notification by the Agent to the Parent of its acceptance of the resignation of a Borrower, that company shall cease to be a Borrower and shall have no further rights or obligations under the Finance Documents as a Borrower except that the resignation shall not take effect (and the Borrower will continue to have rights and obligations under the Finance Documents) until the date on which the Third Party Disposal takes effect.

26.4. Additional Guarantors

- (a) Subject to compliance with the provisions of paragraphs (b) and (c) of Clause 21.9 ("Know your customer" checks), the Parent may request that any of its wholly owned Subsidiaries become a Guarantor.
- (b) The Parent shall procure that any other member of the Group which is required to comply with Clause 23.35 (Guarantors), shall become an Additional Guarantor and grant Security as the Agent may require.
- (c) A member of the Group shall become an Additional Guarantor if:
 - (i) the Parent and the proposed Additional Guarantor deliver to the Agent a duly completed and executed Accession Letter; and
 - (ii) the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (Conditions Precedent) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.
- (d) The Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (Conditions precedent).
- (e) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (c) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

26.5. Resignation of a Guarantor

- (a) The Parent may request that a Guarantor (other than the Parent or the Company) ceases to be a Guarantor by delivering to the Agent a Resignation Letter if:
 - (i) that Guarantor is being disposed of by way of a Third Party Disposal (as defined in Clause 26.3 (Resignation of a Borrower)) and the Parent has confirmed this is the case; or
 - (ii) all the Lenders have consented to the resignation of that Guarantor.
- (b) The Agent shall accept a Resignation Letter and notify the Parent and the Lenders of its acceptance if:
 - (i) the Parent has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;

- (ii) no payment is due from the Guarantor under Clause 19.1 (Guarantee and indemnity);
 - (iii) where the Guarantor is also a Borrower, it is under no actual or contingent obligations as a Borrower and has resigned and ceased to be a Borrower under Clause 26.3 (Resignation of a Borrower); and
 - (iv) the Parent has confirmed that it shall ensure that the Disposal Proceeds will be applied, in accordance with Clause 8.3 (Application of mandatory prepayments).
- (c) The resignation of that Guarantor shall not be effective until the date of the relevant Third Party Disposal at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents as a Guarantor.

26.6. Repetition of Representations

Delivery of an Accession Letter constitutes confirmation by the relevant Subsidiary that the representations and warranties referred to in paragraph (c) of Clause 20.31 (Times when representations made) are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

26.7. Resignation and release of security on disposal

If a Borrower or Guarantor is or is proposed to be the subject of a Third Party Disposal then:

- (a) where that Borrower or Guarantor created Transaction Security over any of its assets or business in favour of the Security Trustee, or Transaction Security in favour of the Security Trustee was created over the shares (or equivalent) of that Borrower or Guarantor, the Security Trustee may, at the cost and request of the Parent, release those assets, business or shares (or equivalent) and issue certificates of non-crystallisation;
- (b) the resignation of that Borrower or Guarantor and related release of Transaction Security referred to in paragraph (a) above shall not become effective until the date of that disposal; and
- (c) if the disposal of that Borrower or Guarantor is not made, the Resignation Letter of that Borrower or Guarantor and the related release of Transaction Security referred to in paragraph (a) above shall have no effect and the obligations of the Borrower or Guarantor and the Transaction Security created or intended to be created by or over that Borrower or Guarantor shall continue in full force and effect.

SECTION 10

THE FINANCE PARTIES

27. ROLE OF THE AGENT, THE ARRANGER AND OTHERS

27.1. Appointment of the Agent

- (a) Each of the Arranger and the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arranger and the Lenders authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

27.2. Instructions

- (a) The Agent shall:
 - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:
 - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and
 - (B) in all other cases, the Majority Lenders; and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties save for the Security Trustee.
- (d) The Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.

- (e) In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.
- (f) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (f) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

27.3. Duties of the Agent

- (a) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, the Arranger or the Security Trustee) under this Agreement it shall promptly notify the other Finance Parties.
- (f) The Agent shall only have the duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

27.4. Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

27.5. No fiduciary duties

- (a) Nothing in this Agreement constitutes the Agent and/or the Arranger as a trustee or fiduciary of any other person.
- (b) None of the Agent, the Security Trustee or the Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

27.6. Business with the Group

The Agent, the Security Trustee and the Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

27.7. Rights and discretions

- (a) The Agent may:
 - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised; and
 - (ii) assume that:
 - (A) any instructions received by it from the Majority Lenders, and Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and
 - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
 - (iii) rely on a certificate from any person:
 - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
 - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate; and
 - (iv) rely on any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
 - (ii) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 24.1 (Non-payment));
 - (iii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and
 - (iv) any notice or request made by the Parent (other than a Utilisation Request or Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors.
- (c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any

person, any diminution in value or any liability whatsoever arising as a result of its so relying.

- (d) Without prejudice to the generality of paragraph (c) above, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this desirable.
- (e) The Agent may act in relation to the Finance Documents through its officers, employees and agents and shall not:
 - (v) be liable for any error of judgement made by any such person; or
 - (vi) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person, unless such error or such loss was directly caused by the Agent's gross negligence or wilful misconduct.
- (f) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (h) The Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Agent by any Lender for the purpose of paragraph (a)(ii) or Clause 12.2 (Market Disruption).
- (i) Notwithstanding any provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

27.8. Majority Lenders' instructions

- (a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.
- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties other than the Security Trustee.
- (c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such

security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

- (d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (e) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

27.9. Responsibility for documentation

Neither of the Agent or the Arranger:

- (a) is responsible or liable for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Arranger, an Obligor or any other person given in or in connection with any Finance Document or the Reports or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (b) is responsible or liable for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or the Transaction Security; or
- (c) is responsible or liable for any determination as to whether any information provided or to be provided to any Finance Party is non public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

27.10. No duty to monitor

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

27.11. Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent), the Agent will not be liable for:

- (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct;
- (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security; or
- (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

- (b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent, in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Document and any officer, employee or agent of the Agent may rely on this Clause subject to Clause 1.3 (Third party rights) and the provisions of the Third Parties Act.
- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or the Arranger to carry out:
 - (i) any "know your customer" or other checks in relation to any person; or
 - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender,

on behalf of any Lender and each Lender confirms to the Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.

- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent's liability, any liability of the Agent arising under or in connection with any Finance Document or the Transaction Security shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

27.12. Lenders' indemnity to the Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).

27.13. Resignation of the Agent

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the Lenders and the Parent.
- (b) Alternatively the Agent may resign by giving notice to the Lenders and the Parent, in which case the Majority Lenders (after consultation with the Parent) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Agent (after consultation with the Parent) may appoint a successor Agent (acting through an office in the United Kingdom).
- (d) If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under paragraph (c) above, the Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Agent to become a party to this Agreement as Agent) agree with the proposed successor Agent amendments to this Clause 27 and any other term of this Agreement dealing with the rights or obligations of the Agent consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency

fee payable under this Agreement which are consistent with the successor Agent's normal fee rates and those amendments will bind the Parties.

- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 27. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (h) After consultation with the Parent, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.

27.14. Replacement of the Agent

- (a) After consultation with the Company, the Majority Lenders may, by giving 30 days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent (acting through an office in the United Kingdom).
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 27.14 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

27.15. Confidentiality

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Arranger are obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

27.16. Relationship with the Lenders

- (a) The Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
 - (i) entitled to or liable for any payment due under and Finance Document on that day; and
 - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day, unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
- (b) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 33.6 (Electronic communication)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 33.2 (Addresses) and paragraph (a)(ii) of Clause 33.6 (Electronic communication) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.
- (c) Each Lender shall supply the Agent with any information that the Security Trustee may reasonably specify (through the Agent) as being necessary or desirable to enable the Security Trustee to perform its functions as Security Trustee. Each Lender shall deal with the Security Trustee exclusively through the Agent and shall not deal directly with the Security Trustee.

27.17. Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent and the Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (d) the adequacy, accuracy and/or completeness of the Reports and any other information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

27.18. Role of Reference Banks

- (a) No Reference Bank is under any obligation to provide a quotation or any other information to the Agent.
- (b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.
- (c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause 27.18 subject to Clause 1.3 (Third party rights) and the provisions of the Third Parties Act.

27.19. Third party Reference Banks

A Reference Bank which is not a Party may rely on Clause 27.18 (Role of Reference Banks), paragraph (b) of Clause 37.2 and Clause 40 (Confidentiality of Funding Rates and Reference Bank Quotations) subject to Clause 1.3 (Third party rights) and the provisions of the Third Parties Act.

27.20. Agent's management time

Any amount payable to the Agent under Clause 16.3 (Indemnity to the Agent), Clause 18 (Costs and expenses) and Clause 27.12 (Lenders' indemnity to the Agent) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Parent and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 13 (Fees).

27.21. Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

27.22. Reliance and engagement letters

Each Finance Party and Secured Party confirms that each of the Arranger and the Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arranger or Agent) the terms of any reliance letter or engagement letters relating to the Reports or any reports or letters provided by accountants in connection with the Finance Documents or the transactions contemplated in the Finance Documents (including any net asset letter in connection with the financial assistance procedures) and to bind it in respect of those Reports, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

28. ROLE OF THE SECURITY TRUSTEE

28.1. Trust

The Security Trustee declares that it shall hold the Transaction Security on trust for the Finance Parties on the terms contained in this Agreement. Each of the parties to this Agreement agrees that the Security Trustee shall have only those duties, obligations and responsibilities expressly specified in this Agreement or in the Transaction Security Documents (and no others shall be implied).

28.2. No independent power

The Finance Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any rights or powers arising under the Transaction Security Documents except through the Security Trustee.

28.3. Security Trustee's instructions

The Security Trustee shall:

- (a) unless a contrary indication appears in a Finance Document, act in accordance with any instructions given to it by the Agent and shall be entitled to assume that (i) any instructions received by it from the Agent are duly given by or on behalf of the Majority Lenders or, as the case may be, the Lenders in accordance with the terms of the Finance Documents and (ii) unless it has received actual

notice of revocation that any instructions or directions given by the Agent have not been revoked;

- (b) be entitled to request instructions, or clarification of any direction, from the Agent as to whether, and in what manner, it should exercise or refrain from exercising any rights, powers and discretions and the Security Trustee may refrain from acting unless and until those instructions or clarification are received by it; and
- (c) be entitled to, carry out all dealings with the Lenders through the Agent and may give to the Agent any notice or other communication required to be given by the Security Trustee to the Lenders.

28.4. Security Trustee's actions

Subject to the provisions of this Clause 28:

- (a) the Security Trustee may, in the absence of any instructions to the contrary, take such action in the exercise of any of its powers and duties under the Finance Documents which in its absolute discretion it considers to be for the protection and benefit of all the Finance Parties; and
- (b) at any time after receipt by the Security Trustee of notice from the Agent directing the Security Trustee to exercise all or any of its rights, remedies, powers or discretions under any of the Finance Documents, the Security Trustee may, and shall if so directed by the Agent, take any action as in its sole discretion it thinks fit to enforce the Transaction Security.

28.5. Security Trustee's discretions

The Security Trustee may:

- (a) assume (unless it has received actual notice to the contrary in its capacity as Security Trustee for the Finance Parties) that (i) no Default has occurred and no Obligor is in breach of or default under its obligations under any of the Finance Documents and (ii) any right, power, authority or discretion vested in any person has not been exercised;
- (b) if it receives any instructions or directions from the Agent to take any action in relation to the Transaction Security, assume that all applicable conditions under the Finance Documents for taking that action have been satisfied;
- (c) engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts (whether obtained by the Security Trustee or by any other Finance Party) whose advice or services may at any time seem necessary, expedient or desirable;
- (d) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Finance Party or an Obligor, upon a certificate signed by or on behalf of that person; or
- (e) refrain from acting in accordance with the instructions of the Agent or Lenders (including bringing any legal action or proceeding arising out of or in connection

with the Finance Documents) until it has received any indemnification and/or security that it may in its absolute discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in bringing such action or proceedings.

28.6. Security Trustee's obligations

The Security Trustee shall promptly inform the Agent of:

- (a) the contents of any notice or document received by it in its capacity as Security Trustee from any Obligor under any Finance Document; and
- (b) the occurrence of any Default or any default by an Obligor in the due performance of or compliance with its obligations under any Finance Document of which the Security Trustee has received notice from any other party to this Agreement.

28.7. Excluded obligations

The Security Trustee shall not:

- (a) be bound to enquire as to the occurrence or otherwise of any Default or the performance, default or any breach by an Obligor of its obligations under any of the Finance Documents;
- (b) be bound to account to any other Party for any sum or the profit element of any sum received by it for its own account;
- (c) be bound to disclose to any other person (including any Finance Party) (i) any confidential information or (ii) any other information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty;
- (d) be under any obligations other than those which are specifically provided for in the Finance Documents; or
- (e) have or be deemed to have any duty, obligation or responsibility to, or relationship of trust or agency with, any Obligor.

28.8. Exclusion of Security Trustee's liability

Unless caused directly by its gross negligence or wilful default, the Security Trustee shall not accept responsibility or be liable for:

- (a) the adequacy, accuracy and/or completeness of any information supplied by the Security Trustee or any other person in connection with the Finance Documents or the transactions contemplated in the Finance Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

- (c) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Finance Documents or the Transaction Security or otherwise, whether in accordance with an instruction from the Agent or otherwise;
- (d) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Finance Documents, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents or the Transaction Security; or
- (e) any shortfall which arises on the enforcement of the Transaction Security.

28.9. Own responsibility

It is understood and agreed by each Finance Party that that Finance Party has at all times itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigation into all risks arising under or in connection with the Finance Documents including but not limited to:

- (a) the financial condition, creditworthiness, condition, affairs, status and nature of each of the Obligors;
- (b) the legality, validity, effectiveness, adequacy and enforceability of each of the Finance Documents and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents or the Transaction Security;
- (c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Obligor or any other person or any of their respective assets under or in connection with the Finance Documents, the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents;
- (d) the adequacy, accuracy and/or completeness of any information provided by any person in connection with the Finance Documents, the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of, the Charged Property, the priority of any of the Transaction Security or the existence of any security interest affecting the Charged Property,

and each Finance Party warrants to the Security Trustee that it has not relied on, and will not at any time rely on, the Security Trustee in respect of any of these matters.

28.10. No responsibility to perfect Transaction Security

The Security Trustee shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Charged Property;

- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Finance Documents or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Finance Documents or of the Transaction Security;
- (d) take, or to require any of the Obligors to take, any steps to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary security interest under the laws of any jurisdiction; or
- (e) require any further assurances in relation to any of the Transaction Security Documents.

28.11. Insurance by Security Trustee

- (a) The Security Trustee shall not be under any obligation to insure any of the Charged Property, to require any other person to maintain any insurance or to verify any obligation to arrange or maintain insurance contained in the Finance Documents. The Security Trustee shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy of any such insurance.
- (b) Where the Security Trustee is named on any insurance policy as an insured party, it shall not be responsible for any loss which may be suffered by reason (directly or indirectly) of its failure to notify the insurers of any material fact relating to the risk assumed by the insurers or any other information of any kind, unless any Finance Party has requested it to do so in writing and the Security Trustee has failed to do so within fourteen days after receipt of that request.

28.12. Custodians and Nominees

The Security Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to any assets of the trust as the Security Trustee may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

28.13. Acceptance of Title

The Security Trustee shall be entitled to accept without enquiry, and shall not be obliged to investigate, the right and title as each of the Obligors may have to any of the Charged Property and shall not be liable for or bound to require any Obligor to remedy any defect in its right or title.

28.14. Refrain from Illegality

The Security Trustee may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction which would or might otherwise render it liable to any person, and the Security Trustee may do anything which is, in its opinion, necessary to comply with any law, directive or regulation.

28.15. Business with the Obligors

The Security Trustee may accept deposits from, lend money to, and generally engage in any kind of banking or other business with any of the Obligors.

28.16. Releases

Upon a disposal of any of the Charged Property:

- (a) pursuant to the enforcement of the Transaction Security by a Receiver or the Security Trustee; or
- (b) if that disposal is permitted under the Finance Documents,

the Security Trustee shall (at the cost of the Obligors) release that property from the Transaction Security and is authorised to execute, without the need for any further authority from the Finance Parties, any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

28.17. Winding up of Trust

If the Security Trustee, with the approval of the Majority Lenders, determines that (a) all of the Secured Obligations and all other obligations secured by any of the Transaction Security Documents have been fully and finally discharged and (b) none of the Finance Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents, the trusts set out in this Agreement shall be wound up and the Security Trustee shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Trustee under each of the Transaction Security Documents.

28.18. Perpetuity Period

The perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of one hundred and twenty five years from the date of this Agreement.

28.19. Powers Supplemental

The rights, powers and discretions conferred upon the Security Trustee by this Agreement shall be supplemental to the Trustee Acts 1925 and 2000 and in addition to any which may be vested in the Security Trustee by general law or otherwise.

28.20. Trustee division separate

In acting as trustee for the Finance Parties, the Security Trustee shall be regarded as acting through its trustee division which shall be treated as a separate entity from any of its other divisions or departments and any information received by any other division or department of the Security Trustee may be treated as confidential and shall not be regarded as having been given to the Security Trustee's trustee division.

28.21. Disapplication

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Trustee in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Acts 1925 and 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

28.22. Resignation of Security Trustee

- (a) The Security Trustee may resign and appoint one of its Affiliates as successor by giving notice to the other Parties (or to the Agent on behalf of the Lenders).
- (b) Alternatively the Security Trustee may resign by giving notice to the other Parties (or to the Agent on behalf of the Lenders) in which case the Majority Lenders may appoint a successor Security Trustee.
- (c) If the Majority Lenders have not appointed a successor Security Trustee in accordance with paragraph (b) above within 30 days after the notice of resignation was given, the Security Trustee (after consultation with the Agent) may appoint a successor Security Trustee.
- (d) The retiring Security Trustee shall, at its own cost, make available to the successor Security Trustee such documents and records and provide such assistance as the successor Security Trustee may reasonably request for the purposes of performing its functions as Security Trustee under the Finance Documents.
- (e) The Security Trustee's resignation notice shall only take effect upon (i) the appointment of a successor and (ii) the transfer of all of the Transaction Security to that successor.
- (f) Upon the appointment of a successor, the retiring Security Trustee shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of Clauses 27 (Role of the Agent, the Arranger and others) and this Clause 28 (Role of Security Trustee). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (g) The Majority Lenders may, by notice to the Security Trustee, require it to resign in accordance with paragraph (b) above. In this event, the Security Trustee shall resign in accordance with paragraph (b) above.

28.23. Delegation

- (a) The Security Trustee may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of the rights, powers and discretions vested in it by any of the Finance Documents.
- (b) The delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions as the Security Trustee may think fit in the interests of the Finance Parties and it shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any delegate or sub-delegate.

28.24. Additional trustees

- (a) The Security Trustee may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it (i) if it considers that appointment to be in the interests of the Finance Parties or (ii) for the purposes of conforming to any legal requirements, restrictions or conditions which the Security Trustee deems to be relevant or (iii) for obtaining or enforcing any judgment in any jurisdiction, and the Security Trustee shall give prior notice to the Parent and the Agent of that appointment.
- (b) Any person so appointed shall have the rights, powers and discretions (not exceeding those conferred on the Security Trustee by this Agreement) and the duties and obligations that are conferred or imposed by the instrument of appointment.
- (c) The remuneration that the Security Trustee may pay to any person, and any costs and expenses incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Trustee.

29. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

30. SHARING AMONG THE FINANCE PARTIES**30.1. Payments to Finance Parties**

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from an Obligor other than in accordance with Clause 31 (Payment mechanics) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;
- (b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 31 (Payment mechanics), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 31.6 (Partial payments).

30.2. Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with Clause 31.6 (Partial payments).

30.3. Recovering Finance Party's rights

- (a) On a distribution by the Agent under Clause 30.2 (Redistribution of payments), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.
- (b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

30.4. Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 30.2 (Redistribution of payments) shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and
- (b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Finance Party for the amount so reimbursed.

30.5. Exceptions

- (a) This Clause 30 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified the other Finance Party of the legal or arbitration proceedings; and
 - (ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 11

ADMINISTRATION

31. PAYMENT MECHANICS

31.1. Payments to the Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in Edinburgh as the Agent specifies.

31.2. Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 31.3 (Distributions to an Obligor) and Clause 31.4 (Clawback) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in London.

31.3. Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 32 (Set-Off)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

31.4. Clawback and pre-funding

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) Unless paragraph (c) below applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.
- (c) If the Agent is willing to make available amounts for the account of a Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to a Borrower:

- (i) the Agent shall notify the Parent of that Lender's identity and the Borrower to whom that sum was made available shall on demand refund it to the Agent; and
- (ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower to whom that sum was made available, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

31.5. Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 31.1 (Payments to the Agent) may instead either:
 - (i) pay that amount direct to the required recipient(s); or
 - (ii) if it in its absolute discretion it considers that it is not reasonable practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of "**Acceptable Bank**" and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment (the "**Paying Party**") and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the "**Recipient Party**" or "**Recipient Parties**"). In each case such payments must be made on the due date for payment under the Finance Documents.
- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of Recipient Party or the Recipient Parties pro rata to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 31.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 27.14 (Replacement of the Agent), each Paying Party shall (other to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution to the relevant Recipient Party or Recipient Parties in accordance with Clause 31.2 (Distributions by the Agent).
- (e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:
 - (i) that it has not given an instruction pursuant to paragraph (d) above; and

(ii) that it has been provided with the necessary information by that Recipient Party,

give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

31.6. Partial payments

- (a) If the Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:
 - (i) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent and the Security Trustee under those Finance Documents;
 - (ii) secondly, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under those Finance Documents;
 - (iii) thirdly, in or towards payment pro rata of any principal due but unpaid under those Finance Documents; and
 - (iv) fourthly, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

31.7. No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

31.8. Business Days

- (a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

31.9. Currency of account

Sterling is the currency of account and payment for any sum due from an Obligor under any Finance Document.

31.10. Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Parent); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Parent) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the relevant interbank market and otherwise to reflect the change in currency.

31.11. Disruption to Payment Systems, etc.

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Parent that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Parent, consult with the Parent with a view to agreeing with the Parent such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Parent in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Parent shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 37 (Amendments and Waivers);
- (e) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 31.11; and

- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

32. SET-OFF

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

33. NOTICES

33.1. Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

33.2. Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of the Parent, Holdings, Schuh (ROI) Limited or the Company, that identified with its name below;
- (b) in the case of each Lender or any other Obligor, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and
- (c) in the case of the Agent or the Security Trustee, that identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

33.3. Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 33.2 (Addresses), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Agent or the Security Trustee will be effective only when actually received by the Agent or Security Trustee and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or Security Trustee's signature below (or any substitute department or officer as the Agent or Security Trustee shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Agent.
- (d) Any communication or document made or delivered to the Parent in accordance with this Clause 33.3 will be deemed to have been made or delivered to each of the Obligors.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

33.4. Notification of address and fax number

Promptly upon receipt of notification of an address, and fax number or change of address or fax number pursuant to Clause 33.2 (Addresses) or changing its own address or fax number, the Agent shall notify the other Parties.

33.5. Communication when Agent is Impaired Agent

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed unless such replacement Agent becomes an Impaired Agent.

33.6. Electronic communication

- (a) Any communication to be made between the Agent or the Security Trustee and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent, the Security Trustee and the relevant Lender:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made between the Agent and a Lender or the Security Trustee will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Agent or the Security Trustee only if it is addressed in such a manner as the Agent or Security Trustee shall specify for this purpose.

- (c) Any electronic communication which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

33.7. English language

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

34. CALCULATIONS AND CERTIFICATES

34.1. Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

34.2. Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

34.3. Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days.

35. PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

36. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of any Finance Party or Secured Party shall be effective unless it is in writing. No single or partial exercise of any right

or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

37. AMENDMENTS AND WAIVERS

37.1. Required consents

- (a) Subject to Clause 37.2 (Exceptions) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Parent and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 37.
- (c) Without prejudice to the generality of paragraphs (c), (d) and (e) of Clause 27.7 (Rights and Discretions), the Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- (d) Each Obligor agrees to any such amendment or waiver permitted by this Clause 37 which is agreed to by the Parent. This includes any amendment or waiver which would, but for this paragraph (c), require the consent of all of the Guarantors.

37.2. Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definition of "**Majority Lenders**" in Clause 1.1 (Definitions);
 - (ii) an extension to the date of payment of any amount under the Finance Documents;
 - (iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
 - (iv) a change in currency of payment of any amount under the Finance Documents;
 - (v) an increase in any Commitment or the Total Commitments, any extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably under the relevant Facility;
 - (vi) a change to the Borrowers or Guarantors other than in accordance with Clause 26 (Changes to the Obligors);
 - (vii) any provision which expressly requires the consent of all the Lenders;
 - (viii) Clause 2.3 (Finance Parties' rights and obligations), Clause 8 (Mandatory prepayment), Clause 25 (Changes to the Lenders), this Clause 37, Clause 40 (Governing law) or 41.1 (Jurisdiction of English courts);

- (ix) the nature or scope of:
 - (1) the guarantee and indemnity granted under Clause 19 (Guarantee and Indemnity);
 - (2) the Charged Property; or
 - (3) the manner in which the proceeds of enforcement of the Transaction Security are distributed (except in the case of paragraphs (ii) and (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document); or
- (x) the release of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,

shall not be made without the prior consent of all the Lenders.

- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Arranger, the Security Trustee or a Reference Bank may not be effected without the consent of the Agent, the Arranger, the Security Trustee or that Reference Bank.

37.3. Replacement of Screen Rate

- (a) Subject to paragraph (b) of Clause 37.2, if the Screen Rate is not available for Sterling, any amendment or waiver which relates to providing for another benchmark rate to apply in relation to Sterling in place of that Screen Rate (or which relates to aligning any provision of a Finance Document to the use of that benchmark rate) may be made with the consent of the Majority Lenders and the Obligors.
- (b) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (a) above within 10 Business Days (unless the Parent and the Agent agree to a longer time period in relation to any request) of that request being made:
 - (i) its Commitment(s) shall not be included for the purpose of calculating the Total Commitments under the relevant Facility/ies when ascertaining whether any relevant percentage of Total Commitments has been obtained to approve that request; and
 - (ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

37.4. Replacement of a Lender

- (a) If at any time:
 - (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (c) below); or
 - (ii) an Obligor becomes obliged to repay any amount in accordance with Clause 7.1 (Illegality) or to pay additional amounts pursuant to Clause 15.1 (Increased Costs) or Clause 14.2 (Tax gross-up) to any Lender in excess of amounts payable to the other Lenders generally,

then the Parent may, on 5 Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 25 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Parent, and which is acceptable to the Agent (acting reasonably) which confirms its willingness to assume and does assume all the obligations of the transferring Lender (including the assumption of the transferring Lender's participations on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest and/or Break Costs and other amounts payable in relation thereto under the Finance Documents.

- (b) The replacement of a Lender pursuant to this Clause shall be subject to the following conditions:
 - (i) the Parent shall have no right to replace the Agent or Security Agent;
 - (ii) neither the Agent nor the Lender shall have any obligation to the Parent to find a Replacement Lender;
 - (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 90 days after the date the Non-Consenting Lender notifies the Parent and the Agent of its failure or refusal to give a consent in relation to, or agree to any waiver or amendment to the Finance Documents requested by the Parent; and
 - (iv) in no event shall the Lender replaced under this paragraph (b) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents.
- (c) In the event that:
 - (i) the Parent or the Agent (at the request of the Parent) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;
 - (ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and
 - (iii) Lenders whose Commitments aggregate more than 85 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 85 per cent. of the Total Commitments prior to that reduction) have consented or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a "**Non-Consenting Lender**".

37.5. Disenfranchisement of Defaulting Lenders

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender's Commitments will be reduced by the amount of its Available Commitments.
- (b) If a Defaulting Lender fails to respond to a request for a consent, waiver, amendment or other vote under the Finance Documents or any other vote of the Lenders under the terms of this Agreement within 10 Business Days in relation to consents, waivers, amendments or votes which require Majority Lender consent, and within 15 Business Days in relation to consents, waivers, amendments or votes which require all Lender consent (unless the Parent and the Agent agree to a longer time period) of that request being made, its Commitment and/or participation shall not be included for the purpose of calculating the Total Commitments or participations under the Facility when

ascertaining whether any relevant percentage of Total Commitments and/or participations has been obtained to approve that request.

- (b) For the purposes of this Clause 37.5, the Agent may assume that the following Lenders are Defaulting Lenders:
- (1) any Lender which has notified the Agent that it has become a Defaulting Lender;
 - (2) any Lender in relation to which it is aware that any of the events of circumstances referred to in paragraphs (a), (b) or (c) of the definition of "Defaulting Lender" has occurred and none of the exceptions in paragraphs (i) to (vi) of the definition of "Defaulting Lender" apply.

unless it has received notice to the contrary from the Lender concerned or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

37.6. Replacement of a Defaulting Lender

- (a) The Parent may, at any time a Lender has become and continues to be a Defaulting Lender, by giving 5 Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 26 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Parent, and which (unless the Agent is an Impaired Agent) is acceptable to the Agent (acting reasonably), which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender (including the assumption of the transferring Lender's participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause shall be subject to the following conditions:
- (i) the Parent shall have no right to replace the Agent or Security Trustee;
 - (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Parent to find a Replacement Lender;
 - (iii) the transfer must take place no later than 5 days after the notice referred to in paragraph (a) above; and
 - (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

38. CONFIDENTIALITY

38.1. Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 38.2 (Disclosure of Confidential Information) and Clause 38.3 (Disclosure to numbering service providers), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

38.2. Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
 - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent or Security Trustee and, in each case, and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (d) of Clause 27.16 (Relationship with the Lenders));
 - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
 - (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation

or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

- (vi) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 25.9 (Security over Lenders' rights);
- (vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (viii) who is a Party; or
- (ix) with the consent of the Company;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
 - (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
 - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Parent and the relevant Finance Party;

- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

38.3. Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities and/or one or more Obligors the following information:
- (i) names of Obligors;
 - (ii) country of domicile of Obligors;
 - (iii) place of incorporation of Obligors;
 - (iv) date of this Agreement;
 - (v) Clause 41 (Governing law);
 - (vi) the names of the Agent and the Arranger;
 - (vii) date of each amendment and restatement of this Agreement;
 - (viii) amounts of, and names of, the Facilities (and any tranches);
 - (ix) amount of Total Commitments;
 - (x) currencies of the Facilities;
 - (xi) type of Facilities;
 - (xii) ranking of Facilities;
 - (xiii) Termination Date for Facilities;
 - (xiv) changes to any of the information previously supplied pursuant to paragraphs (i) to (xiii) above; and
 - (xv) such other information agreed between such Finance Party and the Parent,
- to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

- (c) Each Obligor represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Agent shall notify the Parent and the other Finance Parties of:
 - (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities and/or one or more Obligors; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities and/or one or more Obligors by such numbering service provider.

38.4. Entire agreement

This Clause 38 (Confidentiality) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

38.5. Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

38.6. Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Company:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 38.2 (Disclosure of Confidential Information) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 38 (Confidentiality).

38.7. Continuing obligations

The obligations in this Clause 38 (Confidentiality) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

39. DISCLOSURE OF LENDER DETAILS BY AGENT

39.1. Supply of Lender details to Parent

The Agent shall provide to the Parent within 10 Business Days of a request by the Parent (but no more frequently than once per calendar month), a list (which may be in electronic form) setting out the names of the Lenders as at the date of that request, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.

39.2. Supply of Lender details at Parent's direction

- (a) The Agent shall, at the request of the Parent, disclose the identity of the Lenders and the details of the Lenders' Commitments to any:
 - (i) other Party or any other person if that disclosure is made to facilitate, in each case, a refinancing of the Financial Indebtedness arising under the Finance Documents or a material waiver or amendment of any term of any Finance Document; and
 - (ii) member of the Group.
- (b) Subject to paragraph (c) below, the Parent shall procure that the recipient of information disclosed pursuant to paragraph (a) above shall keep such information confidential and shall not disclose it to anyone and shall ensure that all such information is protected with security measures and a degree of care that would apply to the recipient's own confidential information.
- (c) The recipient may disclose such information to any of its officers, directors, employees, professional advisers, auditors and partners as it shall consider appropriate if any such person is informed in writing of its confidential nature, except that there shall be no such requirement to so inform if that person is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by duties of confidentiality in relation to the information.

39.3. Supply of Lender details to other Lenders

- (a) If a Lender (a "**Disclosing Lender**") indicates to the Agent that the Agent may do so, the Agent shall disclose that Lender's name and Commitment to any other Lender that is, or becomes, a Disclosing Lender.
- (b) The Agent shall, if so directed by the Requisite Lenders, request each Lender to indicate to it whether it is a Disclosing Lender.

39.4. Lender enquiry

If any Lender believes that any entity is, or may be, a Lender and:

- (a) that entity ceases to have an Investment Grade Rating; or
- (b) an Insolvency Event occurs in relation to that entity,

the Agent shall, at the request of that Lender, indicate to that Lender the extent to which that entity has a Commitment.

39.5. Lender details definitions

In this Clause 39:

"Investment Grade Rating" means, in relation to an entity, a rating for its long-term unsecured and non credit-enhanced debt obligations of BBB- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or Baa3 or higher by Moody's Investors Service Limited or a comparable rating from an internationally recognised credit rating agency.

"Requisite Lenders" means a Lender or Lenders whose Commitments aggregate 15 per cent. (or more) of the Total Commitments (or if the Total Commitments have been reduced to zero, aggregated 15 per cent. (or more) of the Total Commitments immediately prior to that reduction).

40. CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS**40.1. Confidentiality and disclosure**

- (a) The Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.
- (b) The Agent may disclose:
 - (i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the relevant Borrower pursuant to Clause 10.4 (Notification of rates of interest); and
 - (ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Agent and the relevant Lender or Reference Bank, as the case may be.
- (c) The Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:

- (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this paragraph (i) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;
 - (ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
 - (iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and
 - (iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.
- (d) The Agent's obligations in this Clause 40 relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 10.4 (Notification of rates of interest) provided that (other than pursuant to paragraph (b)(i) above) the Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

40.2. Related obligations

- (a) The Agent and each Obligor acknowledge that each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and each Obligor undertake not to use any Funding Rate or, in the case of the Agent, any Reference Bank Quotation for any unlawful purpose.
- (b) The Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:
 - (i) of the circumstances of any disclosure made pursuant to paragraph (c)(ii) of Clause 40.1 (Confidentiality and disclosure) except where such

disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

- (ii) upon becoming aware that any information has been disclosed in breach of this Clause 40.

40.3. No Event of Default

No Event of Default will occur under Clause 24.3 (Other obligations) by reason only of an Obligor's failure to comply with this Clause 40.

41. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12

GOVERNING LAW AND ENFORCEMENT

42. GOVERNING LAW

This Agreement is, and any non contractual obligations arising out of or in connection with it are, governed by English law.

43. ENFORCEMENT

43.1. Jurisdiction of English courts

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a "**Dispute**").
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 43.1 is for the benefit of the Finance Parties and Secured Parties only. As a result, no Finance Party or Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

43.2. Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in the United Kingdom):
 - (i) irrevocably appoints Morton Fraser LLP, St Martin's House, 16 St. Martin's le Grand, London EC1A 4EN as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
 - (ii) agrees that failure by an agent for service of process to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Parent (on behalf of all the Obligors) must immediately (and in any event within 10 days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

The Parent expressly agrees and consents to the provisions of this Clause 43 and Clause 42 (Governing law).

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1**THE ORIGINAL PARTIES****Part I****The Obligors**

Name of Borrower	Registration number (or equivalent, if any)
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Schuh Group Limited	SC379625
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Schuh (Holdings) Limited	SC265833
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Schuh Limited	SC125327
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Name of Guarantor	Registration number (or equivalent, if any)
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Schuh Group Limited	SC379625
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Schuh (Holdings) Limited	SC265833
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Schuh Limited	SC125327
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Part II**The Original Lenders**

Name of Original Lender	Facility A Commitment	Facility B Commitment	Facility C Commitment
Lloyds Bank plc	£17,500,000	£11,562,500	£22,500,000

SCHEDULE 2**CONDITIONS PRECEDENT****Part I****Conditions precedent to signing of Agreement**

Not restated

Part II

Conditions precedent required to be delivered by an Additional Obligor

1. An Accession Letter executed by the Additional Obligor and the Parent.
2. A copy of the constitutional documents of the Additional Obligor.
3. A copy of a resolution of the board or, if applicable, a committee of the board of directors of the Additional Obligor:
 - (a) approving the terms of, and the transactions contemplated by, the Accession Letter and the Finance Documents and resolving that it execute, deliver and perform the Accession Letter and any other Finance Document to which it is party;
 - (b) authorising a specified person or persons to execute the Accession Letter and other Finance Documents on its behalf;
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (including, in relation to an Additional Borrower, any Utilisation Request or Selection Notice) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and
 - (d) authorising the Parent to act as its agent in connection with the Finance Documents
4. If applicable, a copy of a resolution of the board of directors of the Additional Obligor, establishing the committee referred to in paragraph 3 above.
5. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.
6. A copy of a resolution signed by all the holders of the issued shares of the Additional Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Additional Guarantor is a party.
7. A copy of a resolution of the board of directors of each corporate shareholder of each Additional Guarantor approving the terms of the resolution referred to in paragraph 6 above.
8. A certificate of the Additional Obligor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.
9. A certificate of an authorised signatory of the Additional Obligor certifying that each copy document listed in this Part II of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Accession Letter.
10. A copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable in connection with the entry into and

performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.

11. If available, the latest audited financial statements of the Additional Obligor.
12. The following legal opinions, each addressed to the Agent, the Security Trustee and the Lenders:
 - (a) a legal opinion of the legal advisers to the Agent in England, as to English law in the form distributed to the Lenders prior to signing the Accession Letter; and
 - (b) if the Additional Obligor is incorporated in or has its "centre of main interest" or "establishment" (as referred to in Clause 20.28 (Centre of main interests and establishments)) in a jurisdiction other than England and Wales or is executing a Finance Document which is governed by a law other than English law, a legal opinion of the legal advisers to the Agent in the jurisdiction of its incorporation, "centre of main interest" or "establishment" (as applicable) or, as the case may be, the jurisdiction of the governing law of that Finance Document (the "**Applicable Jurisdiction**") as to the law of the Applicable Jurisdiction and in the form distributed to the Lenders prior to signing the Accession Letter.
13. If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in Clause 43.2 (Service of process), if not an Obligor, has accepted its appointment in relation to the proposed Additional Obligor.
14. Any security documents which are required by the Agent to be executed by the proposed Additional Obligor.
15. Any notices or documents required to be given or executed under the terms of those security documents.
16. In relation to financial assistance (or overseas equivalent), such documentary evidence as legal counsel to the Agent may require, that such Additional Obligor has complied with any law in its jurisdiction relating to financial assistance or analogous process.

SCHEDULE 3**REQUEST****Part 1****Utilisation Request****Loans**

From: [Borrower] [Parent]

To: Lloyds Bank plc

Dated:

Dear Sirs

**Schuh Group Limited – £51,562,500 Senior Facilities Agreement
dated [] (the "Facilities Agreement")**

1. We refer to the Facilities Agreement. This is a Utilisation Request. Terms defined in the Facilities Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow a Loan on the following terms:
 - (a) Borrower: []
 - (b) Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)
 - (c) Facility to be utilised: [Facility A]/[Facility B]/[Facility C]**
 - (d) Amount: [] or, if less, the Available Facility
 - (e) Interest Period: []
3. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.
4. [The proceeds of this Loan should be credited to [account]].
5. This Utilisation Request is irrevocable.

Yours faithfully

.....

authorised signatory for

[the Parent on behalf of [insert name of relevant Borrower]]/ [insert name of Borrower]

NOTES:

- * Amend as appropriate. The Utilisation Request can be given by the Borrower or by the Parent.
- ** Select the Facility to be utilised and delete references to the other Facilities.

Part II**Selection Notice****Applicable to a Term Loan**

From: Schuh Group Limited

To: Lloyds Bank plc

Dated:

Dear Sirs

**Schuh Group Limited - £51,562,500 Senior Facilities Agreement
dated [] (the "Facilities Agreement")**

1. We refer to the Facilities Agreement. This is a Selection Notice. Terms defined in the Facilities Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
2. We refer to the following Facility [A]/[B] Loan[s] with an Interest Period ending on []*.
3. [We request that the above Facility [A/B] Loan[s] be divided into 1 Facility [A/B] Loans with the following amounts and Interest Periods:]**

[We request that the next Interest Period for the above Facility [A]/[B] Loan[s] is [].]***
4. This Selection Notice is irrevocable.

Yours faithfully

.....

authorised signatory for the Parent

NOTES:

- * Insert details of all Term Loans for the relevant Facility which have an Interest Period ending on the same date.
- ** Use this option if division of Facility A Loans or Facility B Loans is requested.
- *** Use this option if sub-division is not required or if Selection Notice relates to Facility B Loans.

SCHEDULE 4

PLAN REFERRED TO IN THE DEFINITION OF ADDITIONAL LIVINGSTON PROPERTY

SCHEDULE 5

FORM OF TRANSFER CERTIFICATE

To: Lloyds Bank plc as Agent and Lloyds Bank plc as Security Trustee

From: [The Existing Lender] (the "**Existing Lender**") and [The New Lender] (the "**New Lender**")

Dated:

Schuh Group Limited – £51,562,500 Senior Facilities Agreement dated [] (the "Facilities Agreement")

1. We refer to the Facilities Agreement. This agreement (the "**Agreement**") shall take effect a Transfer Certificate for the purpose of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 25.5 (Procedure for transfer) of the Facilities Agreement:
 - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation and in accordance with Clause 25.5 (Procedure for Transfer) all of the Existing Lender's rights and obligations under the Facilities Agreement which relate to that portion (s) and participations in Utilisations under the Facilities Agreement as specified in the Schedule.
 - (b) The proposed Transfer Date is [].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 33.2 (Addresses) are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 25.4 (Limitation of responsibility of Existing Lenders).
4. The New Lender confirms, for the benefit of the Agent and without any liability to any Obligor, that it is:
 - (a) [a Qualifying Lender (other than a Treaty Lender);]
 - (b) [a Treaty Lender;]
 - (c) [not a Qualifying Lender].
5. [The New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
 - (a) a company resident in the United Kingdom for United Kingdom tax purposes; or
 - (b) a partnership each member of which is:

- (i) a company so resident in the United Kingdom; or
- (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section Part 17 of the CTA) of that company; or]
- (d) [a Treaty Lender].

6. [The New Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number []) and is tax resident in [], so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and requests that the Parent notify:

- (a) each Borrower which is a Party as a Borrower as at the Transfer Date; and
 - (b) each Additional Borrower which becomes an Additional Borrower after the Transfer Date,
- that it wishes that scheme to apply to the Facilities Agreement.]

[7/8]. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

[8/9] This Agreement and any non contractual obligations arising out of or in connection with it are governed by English law.

[9/10] This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as a Transfer Certificate for the purposes of the Facilities Agreement by the Agent and the Transfer Date is confirmed as [].

[Agent]

By:

SCHEDULE 6

FORM OF ASSIGNMENT AGREEMENT

To: Lloyds Bank plc as Agent

From: [the *Existing Lender*] (the "**Existing Lender**") and [the *New Lender*] (the "**New Lender**")

Dated:

Schuh Group Limited - £51,562,500 Senior Facilities Agreement dated [] (the "**Facilities Agreement**")

1. We refer to the Facilities Agreement. This is an Assignment Agreement. This agreement (the "**Agreement**") shall take effect as an Assignment Agreement for the purposes of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2.
 - (a) We refer to Clause 25.6 (Procedure for assignment) of the Facilities Agreement.
 - (b) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Facilities Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of

the Existing Lender's Commitment(s) and participations in Utilisations under the Facilities Agreement as specified in the Schedule.

- (c) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitment(s) and participations in Utilisations under the Facilities Agreement specified in the Schedule.
 - (d) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (c) above.
3. The proposed Transfer Date is [].
 4. On the Transfer Date the New Lender becomes:
 - (a) Party to the Finance Documents as a Lender; and
 - (b) Party to [*other relevant agreements in other relevant capacity*].
 5. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 25.4 (Limitation of responsibility of Existing Lenders).
 6. The New Lender confirms, for the benefit of the Agent and without any liability to any Obligor, that it is:
 - (a) [a Qualifying Lender (other than a Treaty Lender);]
 - (b) [a Treaty Lender;]
 - (c) [not a Qualifying Lender].
 7. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 33.2 (Addresses) are set out in the Schedule.
 8. [The New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
 - (a) a company resident in the United Kingdom for United Kingdom tax purposes; or
 - (b) a partnership each member of which is:
 - (i) a company so resident in the United Kingdom; or
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

- (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or]

[8/9]. [The New Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number []) and is tax resident in [], so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and requests that the Parent notify:

- (a) each Borrower which is a Party as a Borrower as at the Transfer Date; and
- (b) each Additional Borrower which becomes an Additional Borrower after the Transfer Date,

that it wishes that scheme to apply to the Facilities Agreement.]

[9/10] This Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 25.7 (Copy of Transfer Certificate), to the Parent (on behalf of each Obligor) of the assignment referred to in this Agreement. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

[9/10]. This Agreement and any non contractual obligations arising out of or in connection with it is governed by English law.

[10/11]. This Agreement has been [executed and delivered as a deed] [entered into] on the date stated at the beginning of this Assignment Agreement.

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred by assignment, release and accession

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as an Assignment Agreement for the purposes of the Facilities Agreement by the Agent and the Transfer Date is confirmed as [].

[Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to in this Agreement, which notice the Agent receives on behalf of each Finance Party.]

[Agent]

By:

SCHEDULE 7

FORM OF ACCESSION LETTER

To: Lloyds Bank plc as Agent

From: [Subsidiary] and [Parent]

Dated:

Dear Sirs

Schuh Group Limited – £51,562,500 Senior Facilities Agreement dated [] (the "Facilities Agreement")

1. We refer to the Facilities Agreement. This letter (the "**Accession Letter**") shall take effect as an Accession Letter for the purposes of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.
2. [Subsidiary] agrees to become an Additional [Borrower]/[Guarantor] and to be bound by the terms of the Facilities Agreement and the other Finance Documents as an Additional [Borrower]/[Guarantor] pursuant to Clause [26.2 (Additional Borrowers)]/[Clause 26.4 (Additional Guarantors)] of the Facilities Agreement. [Subsidiary] is a company duly incorporated under the laws of [name of relevant jurisdiction] and is a limited liability company and registered number [].
3. [The Parent confirms that no Default is continuing or would occur as a result of [Subsidiary] becoming an Additional Borrower].
4. [Subsidiary's] administrative details are as follows:
 Address:

 Fax No.:

 Attention:
5. This Accession Letter is governed by English law.

 [This Accession Letter is entered into by deed.]

[Parent]

[Subsidiary]

SCHEDULE 8

FORM OF RESIGNATION LETTER

To: Lloyds Bank plc as Agent

From: [resigning Obligor] and [Parent]

Dated:

Dear Sirs

**Schuh Group Limited - £51,562,500 Senior Facilities Agreement
dated [] (the "Facilities Agreement")**

1. We refer to the Facilities Agreement. This is a Resignation Letter. Terms defined in the Facilities Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
2. Pursuant to [Clause 26.3 (Resignation of a Borrower)]/[Clause 26.5 (Resignation of a Guarantor)], we request that [resigning Obligor] be released from its obligations as a [Borrower]/[Guarantor] under the Facilities Agreement and the Finance Documents.
3. We confirm that:
 - (a) no Default is continuing or would result from the acceptance of this request; and
 - (b) *[[this request is given in relation to a Third Party Disposal of [resigning Obligor];
 - (c) [the Disposal Proceeds have been or will be applied in accordance with Clause 8.2 (Disposal and Insurance Proceeds);]**]
 - (d) []***
4. This letter is governed by English law.

[Parent]

[resigning Obligor]

By:

By:

NOTES:

* Insert where resignation only permitted in case of a Third Party Disposal.

** Amend as appropriate, e.g. to reflect agreed procedure for payment of proceeds into a specified account.

*** Insert any other conditions required by the Facilities Agreement.

SCHEDULE 9**FORM OF COMPLIANCE CERTIFICATE**

To: Lloyds Bank plc as Agent

From: [Parent]

Dated:

Dear Sirs

**Schuh Group Limited - £51,562,500 Senior Facilities Agreement
dated [] (the "Facilities Agreement")**

1. We refer to the Facilities Agreement. This is a Compliance Certificate. Terms defined in the Facilities Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:

[Insert details of covenants to be certified].
3. [We confirm that no Default is continuing.]**

Signed

Director of [Parent] Director of [Parent]

SCHEDULE 10

FORM OF INCREASE CONFIRMATION

To: Lloyds Bank plc as Agent, Lloyds Bank plc as Security Trustee and Schuh Group Limited as Parent, for and on behalf of each Obligor

From: [the *Increase Lender*] (the "**Increase Lender**")

Dated:

Schuh Group Limited – £51,562,500 Senior Facilities Agreement dated [] (the "**Facilities Agreement**")

1. We refer to the Facilities Agreement. This agreement (the "**Agreement**") shall take effect as an Increase Confirmation for the purpose of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to clause 2.2 (Increase) of the Facilities Agreement.
3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the "**Relevant Commitment**") as if it was an Original Lender under the Facilities Agreement.
4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the "**Increase Date**") is [].
5. On the Increase Date, the Increase Lender becomes party to the relevant Finance Documents.
6. The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 33 (Notices) are set out in the Schedule.
7. The Increase Lender expressly acknowledges the limitations on the Lenders' obligations referred to in paragraph (f) of Clause 2.2 (Increase).
8. The Increase Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is:
 - (a) [a Qualifying Lender (other than a Treaty Lender);]
 - (b) [a Treaty Lender;]
 - (c) [not a Qualifying Lender].
9. [The Increase Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:
 - (a) a company resident in the United Kingdom for United Kingdom tax purposes; or

- (b) a partnership each member of which is:
 - (i) a company so resident in the United Kingdom; or
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.]

10. [The Increase Lender confirms (for the benefit of the Agent and without liability to any Obligor) that it is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme (reference number []) and is tax resident in [], so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and notifies the Parent that:

- (a)[each Borrower which is a Party as a Borrower as at the Increase Date must, to the extent that the Increase Lender becomes a Lender under a Facility which is made available to that Borrower pursuant to clause 2 (The Facilities) of the Facilities Agreement, make an application to HM Revenue & Customs under form DTTP2 within 30 days of the Increase Date; and]*
- (b)each Additional Borrower which becomes an Additional Borrower after the Increase Date must, to the extent that the Increase Lender is a Lender under a Facility which is made available to that Additional Borrower pursuant to clause 2.1 (The Facilities) of the Facilities Agreement, make an application to HM Revenue & Customs under form DTTP2 within 30 days of becoming an Additional Borrower.]***

[12]. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

[13]. This Agreement is governed by English law.

[14]. This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: The execution of this Increase Confirmation may not be sufficient for the Increase Lender to obtain the benefit of the Transaction Security in all jurisdictions. It is the responsibility of the Increase Lender to ascertain whether any other documents or other formalities are required to obtain the benefit of the Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE PARENT**SCHUH GROUP LIMITED**

By: *Mark Crutchley* *Adrian Bell (witness)*

Address: 1 Neilson Square
Deans Industrial Estate
Livingston EH54 8RQ

Attention: Mark Crutchley

Fax: 01506 460 250

THE BORROWERS**SCHUH GROUP LIMITED**

By: *Mark Crutchley* *Adrian Bell (witness)*

Address: As above

Attention: As above

Fax: As above

SCHUH (HOLDINGS) LIMITED

By: *Mark Crutchley* *Adrian Bell (witness)*

Address: As above

Attention: As above

Fax: As above

THE GUARANTORS**SCHUH GROUP LIMITED**

By: *Mark Crutchley* *Adrian Bell (witness)*

Address: As above

Attention: As above

Fax: As above

SCHUH (HOLDINGS) LIMITED

By: *Mark Crutchley* *Adrian Bell (witness)*

Address: As above

Attention: As above

Fax: As above

SCHUH LIMITED

By: *Mark Crutchley* *Adrian Bell (witness)*

Address: As above

Attention: As above

Fax: As above

PRESENT WHEN THE COMMON SEAL OF
SCHUH (ROI) LIMITED
WAS AFFIXED HERETO:

By: *Mark Crutchley* *Adrian Bell (witness)*
Director

Address: As above

Attention: As above

Fax: As above

David Gillan Reid
COMPANY SECRETARY

THE ARRANGER**LLOYDS BANK PLC**

By:

Address: 1st Floor
New Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9QB

Fax: 0131 229 5198

Attention: Laurence Jamieson

THE AGENT**LLOYDS BANK PLC**

By:

Address: As above

Fax: As above

Attention: As above

THE SECURITY TRUSTEE**LLOYDS BANK PLC**

By:

Address: As above

Fax: As above

Attention: As above

THE LENDER**LLOYDS BANK PLC**

By:

Address: As above

Fax: As above

Attention: As above

SIGNATURES TO AMENDMENT AND RESTATEMENT AGREEMENT**THE PARENT & OBLIGORS' AGENT****SCHUH GROUP LIMITED**

By: Mark Crutchley, Director Susan Younger, Witness

Address: 1 Neilson Square Quartermile Two
Deans Industrial Estate 2, Lister Square, Edinburgh
Livingston

Fax: 01506 460250

THE BORROWERS**SCHUH GROUP LIMITED**

By: Mark Crutchley, Director Susan Younger, Witness

Address: As above As above

Fax: As above

SCHUH (HOLDINGS) LIMITED

By: Mark Crutchley, Director Susan Younger, Witness

Address: As above As above

Fax: As above

SCHUH LIMITED

By: Mark Crutchley, Director Susan Younger, Witness

Address: As above As above

Fax: As above

THE GUARANTORS**SCHUH GROUP LIMITED**

By: Mark Crutchley, Director Susan Younger, Witness

Address: As above As above

Fax: As above

SCHUH (HOLDINGS) LIMITED

By: Mark Crutchley, Director Susan Younger, Witness

Address: As above As above

Fax: As above

SCHUH LIMITED

By: Mark Crutchley, Director Susan Younger, Witness

Address: As above As above

Fax: As above

THE ARRANGER**LLOYDS BANK PLC**

By: Fiona McLachlan

Address: 1st Floor
New Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9QB

Fax: 0131 229 5198

THE AGENT**LLOYDS BANK PLC**

By: Fiona McLachlan

Address: As above

Fax: As above

THE ORIGINAL LENDER**LLOYDS BANK PLC**

By: Fiona McLachlan

Address: As above

Fax: As above

THE SECURITY TRUSTEE**LLOYDS BANK PLC**

By: Fiona McLachlan

Address: As above

Fax: As above

CERTIFICATIONS

I, Robert J. Dennis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Genesco Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 11, 2015

/s/ Robert J. Dennis

Robert J. Dennis

Chief Executive Officer

CERTIFICATIONS

I, Mimi E. Vaughn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Genesco Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 11, 2015

/s/ Mimi E. Vaughn

Mimi E. Vaughn

Chief Financial Officer

**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 Quarterly Report of Genesco Inc. (the "Company") on Form 10-Q for the period ending May 2, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert J. Dennis, 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 the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert J. Dennis

Robert J. Dennis
Chief Executive Officer
June 11, 2015

**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 Quarterly Report of Genesco Inc. (the "Company") on Form 10-Q for the period ending May 2, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mimi E. Vaughn, 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 the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mimi E. Vaughn
Mimi E. Vaughn
Chief Financial Officer
June 11, 2015