CONNS INC
Form S-4
April 03, 2015
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As filed with the Securities and Exchange Commission on April 3, 2015

Registration

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CONN S, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**5731**	**06-1672840**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

4055 Technology Forest Blvd, Suite 210

The Woodlands, Texas 77381

(936) 230-5899

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Mark A. Haley

Vice President, Chief Accounting Officer and Interim Chief Financial Officer

4055 Technology Forest Blvd, Suite 210

The Woodlands, Texas 77381

(936) 230-5899

(Name, Address, including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Kevin P. Lewis

Sidley Austin LLP

1000 Louisiana Street, Suite 6000

Houston, Texas 77002

(713) 495-4500

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same

offering. ¨

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

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee(2)
7.250% Senior Notes due 2022	$250,000,000	100%	$250,000,000	$29,050(2)
Guarantees of 7.250% Senior Notes due 2022(3)	N/A	N/A	N/A	N/A(4)

(1) Such amounts are estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) under the Securities Act.
(2) Calculated pursuant to Rule 457(f) of the Securities Act of 1933, as amended (the Securities Act).
(3) Each subsidiary of Conn s, Inc. that is listed on the Table of Additional Registrant Guarantors has guaranteed the notes being registered.
(4) Pursuant to Rule 457(n) under the Securities Act, no separate filing fee is required for the guarantees.

Each Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact Name of Registrant Guarantor as specified in its charter(1)(2)	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number
CAIAIR, Inc.	Delaware	76-0658401
CAI Credit Insurance Agency, Inc..	Louisiana	76-0575846
CAI Holding Co.	Delaware	76-0612675
Conn Appliances, Inc.	Texas	74-1290706
Conn Credit Corporation, Inc.	Texas	74-1589273
Conn Credit I, LP.	Texas	26-3080545
Conn Lending, LLC.	Delaware	26-3049857

(1) The address of the principal executive offices for each of the additional registrants is c/o Conn s, Inc., 4055 Technology Forest Blvd, Suite 210, the Woodlands, Texas 77381, Telephone: (936) 230-5899. The name, address, including zip code, and telephone number of the agent for service for each of the additional registrants is Mark A. Haley, Vice President, Chief Accounting Officer and Interim Chief Financial Officer of Conn s, Inc., 4055 Technology Forest Blvd, Suite 210, the Woodlands, Texas 77381, Telephone: (936) 230-5899.

(2) The Primary Standard Industrial Classification Code Number for each of the additional registrants is 5731.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offering is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 3, 2015

PRELIMINARY PROSPECTUS

Conn s, Inc.

Offer to Exchange

Up To $250,000,000 of

7.250% Senior Notes due 2022

That Have Been Registered Under

The Securities Act of 1933 (new notes)

For

Up To $250,000,000 of

7.250% Senior Notes due 2022

That Have Not Been Registered Under

The Securities Act of 1933 (old notes)

Terms of the New 7.250% Senior Notes due 2022 Offered in the Exchange Offer:

The terms of the new notes are identical to the terms of the old notes that were issued on July 1, 2014, except that the new notes will be registered under the Securities Act of 1933, as amended (the Securities Act) and will not contain restrictions on transfer, registration rights or provisions for additional interest.

Material Terms of the Exchange Offer:

We are offering to exchange up to $250,000,000 of our new notes that have been registered under the Securities Act and are freely tradable for up to $250,000,000 of our old notes.

We will exchange an equal principal amount of new notes for all old notes that you validly tender and do not validly withdraw before the exchange offer expires.

The exchange offer expires at 5:00 p.m., New York City time, on , 2015, unless extended.

Tenders of old notes may be withdrawn at any time prior to the expiration of the exchange offer.

Old Notes may be tendered only in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

The exchange offer is subject to certain conditions, see Exchange Offer Conditions to Exchange Offer .

We will not receive any proceeds from the exchange offer.

There is no existing market for the new notes to be issued, and we do not intend to apply for listing or quotation on any securities exchange or market.

The exchange of new notes for old notes will not be a taxable event for U.S. federal income tax purposes.

You should carefully consider the risk factors set forth under Risk Factors beginning on page 7 of this prospectus before deciding whether to participate in the exchange offer.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. Please read Plan of Distribution.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2015

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This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and contained in the accompanying letter of transmittal. We have not authorized anyone to provide you with any other information. We are not making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone whom it is unlawful to make an offer or solicitation. You should not assume that the information contained or incorporated by reference in this prospectus or contained in the accompanying letter of transmittal is accurate as of any date other than their respective dates.

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In this prospectus, except as otherwise indicated or as the context requires, the terms Conn s, the Company, we, us, and ours refer to Conn s, Inc. together with its consolidated subsidiaries; the term notes includes the new notes and the old notes; and the term this prospectus includes the documents incorporated herein by reference.

This prospectus incorporates important business and financial information about us that is not included or delivered with this prospectus. Such information is available without charge to holders of old notes upon written or oral request made to Conn s, Inc., 4055 Technology Forest Blvd, Suite 210, the Woodlands, Texas 77381, Telephone: (936) 230-5899. **To obtain timely delivery, you must request the information no later than , 2015, which is five business days prior to the expiration of the exchange offer**.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus including, without limitation, the documents incorporated by reference herein, contains statements that are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act) that involve risks and uncertainties. Such forward-looking statements include information concerning our future financial performance, business strategy, plans, goals and objectives. Statements containing the words anticipate, believe, could, estimate, expect, intend, m project, should, or the negative of such terms or other similar expressions are generally forward-looking in nature and not historical facts. Although we believe that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, we can give no assurance that such statements will prove to be correct. A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by our forward-looking statements including, but not limited to: general economic conditions impacting our customers or potential customers; our ability to execute a sale of our loan portfolio or another strategic transaction on favorable terms; our ability to continue existing customer financing programs or to offer new customer financing programs; changes in the delinquency status of our credit portfolio; unfavorable developments in ongoing litigation; increased regulatory oversight; higher than anticipated net charge-offs in the credit portfolio; the success of our planned opening of new stores and the updating of existing stores; technological and market developments and sales trends for our major product offerings; our ability to protect against cyber-attacks or data security breaches and to protect the integrity and security of individually identifiable data of our customers and our employees; our ability to fund our operations, capital expenditures, debt repayment and expansion from cash flows from operations, borrowings from our revolving credit facility, and proceeds from accessing debt or equity markets;

For a discussion of these and other risks and uncertainties, please refer to Risk Factors in this prospectus, including the documents incorporated by reference herein. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. We disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

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PROSPECTUS SUMMARY

This summary highlights some of the information contained in this prospectus and does not contain all of the information that may be important to you. This summary is not complete and does not contain all of the information that you should consider before deciding whether to exchange your old notes. For a more complete understanding of Conn s and the exchange offer, we encourage you to read this entire document, including Risk Factors and the financial and other information included or incorporated by reference in this prospectus, Risk Factors in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, and the other documents to which we have referred.

In this prospectus we refer to the notes to be issued in the exchange offer as the new notes and the notes issued on July 1, 2014 as the old notes. We refer to the new notes and the old notes collectively as the notes.

Conn s, Inc.

We are a leading specialty retailer that offers a broad selection of quality, branded durable consumer goods and related services in addition to a proprietary credit solution for our core credit constrained consumers. We operate an integrated and scalable business through our retail stores and website. Our complementary product offerings include furniture and mattresses, home appliances, consumer electronics and home office products from leading global brands across a wide range of price points. Our credit offering provides financing solutions to a large, underserved population of credit constrained consumers who typically have limited banking options and have credit scores between 550 and 650. We provide customers the opportunity to comparison shop across brands with confidence in our competitive prices as well as affordable monthly payment options, next-day delivery and installation, and product repair services. We believe our large, attractively merchandised stores and credit solutions offer a distinctive shopping experience compared to other retailers that target our core customer demographic. For additional discussion of our business, please read the documents listed under Where You Can Find More Information and Incorporation of Certain Information by Reference.

Our Principal Executive Offices

Our executive offices are located at 4055 Technology Forest Blvd, Suite 210, the Woodlands, Texas 77381. Our telephone number is (936) 230-5899. We maintain a website at www.conns.com that provides information about our business and operations. Information contained on or available through our website is not incorporated herein by reference.

Risk Factors

Participating in the exchange offer and investing in the new notes involves substantial risks. You should carefully consider all the information contained in this prospectus prior to participating in the exchange offer. In particular, we urge you to consider carefully the factors set forth under Risk Factors beginning on page 7 of this prospectus, Risk Factors in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, together with all of the other information included or incorporated by reference in this prospectus.

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Exchange Offer

On July 1, 2014 we completed a private offering of the old notes. In connection therewith, we entered into a registration rights agreement with the initial purchasers in the private offering in which we agreed to deliver to you this prospectus and to use our reasonable best efforts to complete the exchange offer within 365 days after the date we issued the old notes.

Exchange Offer	We are offering to exchange new notes for old notes.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2015, unless we decide to extend it.
Condition to the Exchange Offer	The registration rights agreement does not require us to accept old notes for exchange if the exchange offer, or the making of any exchange by a holder of the old notes, would violate any applicable law or interpretation of the staff of the Securities and Exchange Commission. The exchange offer is not conditioned on a minimum aggregate principal amount of old notes being tendered.
Procedures for Tendering Old Notes	To participate in the exchange offer, you must follow the procedures established by The Depository Trust Company, which we call DTC, for tendering notes held in book-entry form. These procedures, which we call ATOP, require that (i) the exchange agent receive, prior to the expiration date of the exchange offer, a computer generated message known as an agent s message that is transmitted through DTC s automated tender offer program, and (ii) DTC confirm that: DTC has received your instructions to exchange your old notes for new notes, and you agree to be bound by the terms of the letter of transmittal. For more information on tendering your old notes, please refer to the section in this prospectus entitled Exchange Offer Terms of the Exchange Offer and Procedures for Tendering.
Guaranteed Delivery Procedures	None.
Withdrawal of Tenders	You may withdraw your tender of old notes at any time prior to the expiration date or, if such old notes have not been accepted for exchange,

	after the expiration of forty business days from the date of this prospectus. For a withdrawal to be effective you must comply with the appropriate procedures of DTC s ATOP system before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please refer to the section in this prospectus entitled Exchange Offer Withdrawal of Tenders.
Acceptance of Old Notes and Delivery of New Notes	If you fulfill all conditions required for proper acceptance of old notes, we will accept any and all old notes that you properly tender in the exchange offer on or before 5:00 p.m., New York City time, on

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	the expiration date. We will return any old note that we do not accept for exchange for any reason to you without expense promptly after the expiration date. We will deliver the new notes promptly after the expiration date. Please refer to the section in this prospectus entitled Exchange Offer Terms of the Exchange Offer.
Fees and Expenses	We will bear expenses related to the exchange offer. Please refer to the section in this prospectus entitled Exchange Offer Fees and Expenses.
Use of Proceeds	The issuance of the new notes will not provide us with any proceeds. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement.
Consequences of Failure to Exchange Old Notes	If you do not exchange your old notes in this exchange offer, you will no longer be able to require us to register the old notes under the Securities Act, except in limited circumstances provided under the registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the old notes unless we have registered the old notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.
U.S. Federal Income Tax Consequences	The exchange of new notes for old notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read Certain U.S. Federal Income Tax Consequences.
Exchange Agent	We have appointed U.S. Bank National Association, as Exchange Agent for the Exchange Offer (the Exchange Agent). You should direct questions and requests for assistance and requests for additional copies of this prospectus or the letter of transmittal to the Exchange Agent addressed as follows: Attention: Mauri Cowen, U.S. Bank National Association Corporate Trust Services, 5555 San Felipe #1150 Houston, Texas 77056. Requests by facsimile may be made at (713) 235-9213 and requests by telephone may be made at (713) 235-9206.

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Terms of the New Notes

The new notes will be identical to the old notes except that the new notes are registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest. The new notes will evidence the same debt as the old notes, the same indenture will govern the new notes and the old notes and the new notes and the old notes will be treated as the same class of debt securities under the indenture.

The following summary contains basic information about the new notes and is not intended to be complete. It does not contain all information that may be important to you. For a more complete understanding of the new notes, please refer to the section entitled Description of Notes in this prospectus.

Issuer	Conn s, Inc.
Notes Offered	$250,000,000 aggregate principal amount of 7.250% Senior Notes due 2022.
Maturity	July 15, 2022.
Interest Rate	Interest on the new notes will accrue at a rate of 7.250% per annum.
Interest Payment Dates	Interest on the new notes will be payable semiannually, in cash, in arrears on January 15 and July 15 of each year, beginning on July 15, 2015. Interest on the old notes began to accrue from July 1, 2014, and interest on the new notes will accrue from the most recent date to which interest has been paid on the old notes.
Guarantees	All payments on the new notes, including principal and interest, will be jointly and severally, fully and unconditionally, guaranteed on a senior unsecured basis by each of our existing and future domestic restricted subsidiaries that are borrowers or guarantors under our asset-based revolving credit facility (the ABL Facility).
Ranking	The new notes and guarantees will be unsecured senior obligations and will rank equally to all of our and the guarantors future unsecured and unsubordinated indebtedness, including the old notes, if any, but will effectively be subordinated to all of our and the guarantors existing and future secured indebtedness, to the extent of the collateral securing that indebtedness. The new notes and guarantees will also effectively rank junior to all liabilities of our existing and future subsidiaries that do not guarantee the new notes. The new notes and guarantees will rank senior

	in right of payment to all of our and the subsidiary guarantors future subordinated indebtedness.
Optional Redemption	We may redeem any of the new notes beginning on July 15, 2017 at a redemption price of 105.438% of their principal amount, plus accrued and unpaid interest to the redemption date. The redemption price will decline each year after 2017 and will be 100% of their principal amount, plus accrued interest, beginning on July 15, 2020. We may

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	also redeem some or all of the new notes before July 15, 2017 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest to the redemption date, plus an applicable make-whole premium. In addition, before July 15, 2017, we may redeem up to 35% of the aggregate principal amount of notes with the amount of proceeds of certain equity offerings at 107.250% of their principal amount plus accrued and unpaid interest to the redemption date. We may make such redemption only if, after any such redemption, at least 65% of the aggregate principal amount of notes remains outstanding.
Change of Control	Upon a change of control (as defined under Description of Notes), we will be required to make an offer to purchase the new notes or any portion thereof. The purchase price will equal 101% of the principal amount of the new notes on the date of purchase plus accrued and unpaid interest to the repurchase date.
Asset Sale Offer	If we make certain asset sales and do not reinvest the proceeds thereof or use such proceeds to repay certain debt, we may be required to use the proceeds of such asset sales to make an offer to purchase the new notes at 100% of their principal amount, together with accrued and unpaid interest, to the date of purchase. See Description of Notes Repurchase at the Option of Holders Asset Sales.
Certain Covenants	The terms of the new notes restrict our ability and the ability of certain of our subsidiaries (as described in Description of Notes) to: incur additional indebtedness; pay dividends or make other distributions in respect of, or repurchase or redeem, our capital stock; prepay, redeem or repurchase debt that is junior in right of payment to the new notes; make loans and certain investments; sell assets;

incur liens;

enter into transactions with affiliates; and

consolidate, merge or sell all or substantially all of our assets.

However, these limitations are subject to a number of important qualifications and exceptions. For more details, see Description of Notes.

Many of the covenants in the indenture that will govern the new notes will be suspended if the new notes are rated investment grade by either of Standard & Poor s Rating Services or Moody s Investor Services, Inc. and no default or event of default has occurred and is continuing.

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Transfer Restrictions; Absence of a Public Market for the Notes	The new notes generally will be freely transferable, but will also be new securities for which there will not initially be a market. There can be no assurance as to the development or liquidity of any market for the new notes. We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.
Trustee	U.S. Bank National Association.
Risk Factors	Investing in the new notes involves risks. See Risk Factors beginning on page 7 of this prospectus for a discussion of certain factors you should consider in evaluating an investment in the new notes.

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RISK FACTORS

You should carefully consider the information included or incorporated by reference in this prospectus, including the matters addressed under Cautionary Statement Regarding Forward-Looking Statements and Incorporation of Certain Information by Reference and the following risks before investing in the new notes. In addition, you should read the risk factors listed under Risk Factors in Item 1A in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, which is incorporated by reference in this prospectus.

We are subject to certain risks and hazards due to the nature of the business activities we conduct. The risks discussed below and in the other documents incorporated by reference into this prospectus, any of which could materially and adversely affect our business, financial condition, cash flows, and results of operations, are not the only risks we face. We may experience additional risks and uncertainties not currently known to us, or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows, and results of operations.

Risks Relating to the Exchange Offer

Your old notes will not be accepted for exchange if you fail to follow the exchange offer procedures.

We will not accept your old notes for exchange if you do not follow the exchange offer procedures. We are under no duty to give notification of defects or irregularities with respect to the tenders of old notes for exchange. If there are defects or irregularities with respect to your tender of old notes, we will not accept your old notes for exchange.

If you do not exchange your old notes, there will be restrictions on your ability to resell your old notes.

Following the exchange offer, old notes that you do not tender, that we do not accept or that do not qualify to be registered in a shelf registration form will continue to be subject to transfer restrictions. Absent registration, any untendered old notes may therefore only be offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registration statement. If no such exemption is available, you will not be able to sell your old notes.

Your ability to transfer the new notes may be limited by the absence of an active trading market, and no active trading market may develop for the new notes.

We do not intend to apply for a listing of the new notes on a securities exchange or on any automated dealer quotation system. There is currently no established market for the new notes, and we cannot assure you as to the liquidity of markets that may develop for the new notes, your ability to sell the new notes or the price at which you would be able to sell the new notes. If such markets were to exist, the new notes could trade at prices that may be lower than their principal amount or lower than the purchase price of the old notes depending on many factors, including prevailing interest rates, the market for similar notes, our financial and operating performance and other factors. An active market for the new notes may not develop or, if developed, may not continue. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the new notes. The market, if any, for the new notes may experience similar disruptions and any such disruptions may adversely affect the prices at which you may sell your new notes.

Certain persons who participate in the exchange offer must deliver a prospectus in connection with resales of the new notes.

Based on interpretations of the staff of the SEC contained in the *Exxon Capital Holdings Corporation* no action letter (available May 13, 1988), as interpreted in the *Shearman & Sterling* no action letter (available

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July 2, 1993) and the *Morgan Stanley & Co. Incorporated* no action letter (available June 5, 1991), we believe that you may offer for resale, resell or otherwise transfer the new notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under Plan of Distribution, certain holders of new notes will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer the new notes. If such a holder transfers any new notes without delivering a prospectus meeting the requirements of the Securities Act or without an applicable exemption from registration under the Securities Act, such a holder may incur liability under the Securities Act. We do not and will not assume, or indemnify such a holder against this liability.

Risks Relating to Our Indebtedness and the Notes

Our obligations under our indebtedness could adversely affect our cash flow and prevent us from fulfilling our obligations under the notes.

As of January 31, 2015, we primarily finance our customer receivables through our ABL Facility, which has a capacity of $880.0 million and matures in November 2017. We had $529.2 million outstanding under our ABL Facility, including standby letters of credit issued as of January 31, 2015. Our level of indebtedness could have important consequences for you, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- making it more difficult for us to satisfy our obligations with respect to the notes;
- restricting us from making strategic acquisitions or investments or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate, placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting; and
- exposing us to variability in interest rates, as our ABL Facility bears interest at variable rates determined by prevailing interest rates and our leverage ratio.

If we are unable to meet our debt obligations, we could be forced to restructure or refinance such obligations, seek additional equity financing or sell assets, which we may not be able to do on satisfactory terms or at all. As a result, we could default on those obligations, which could prevent or impede us from fulfilling our obligations under the notes.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur additional debt. This could further increase the risks associated with our substantial leverage.

We are able to incur additional indebtedness. Although the credit agreement governing our ABL Facility and the indenture governing the notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. If we incur any additional indebtedness that ranks equally with the notes, subject to collateral arrangements, the holders of that debt will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our company. This may have the effect of reducing the amount of proceeds paid to you. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. If we incur additional indebtedness, the related risks that we now face could increase. See Description of Notes.

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To service our indebtedness, we will require a significant amount of cash. We may not be able to generate sufficient cash flow to meet our debt service obligations, including the notes.

Our ability to generate sufficient cash flow from operations to make scheduled payments on our indebtedness, including without limitation any payments required to be made under our ABL Facility or to holders of the notes, and to fund our operations, will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

If we do not generate sufficient cash flow from operations to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, including the notes, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments, then in effect. The credit agreement that governs the ABL Facility and the indenture that governs the notes restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. See Description of Notes.

Our ability to refinance would also depend upon the condition of the finance and credit markets. Our inability to generate sufficient cash flow to satisfy our debt obligations, including the notes, or to refinance our obligations on commercially reasonable terms or on a timely basis, would have an adverse effect on our business, results of operations and financial condition.

If we cannot make scheduled payments on our debt, we will be in default and holders of the notes could declare all outstanding principal and interest to be due and payable, the lenders under the ABL Facility could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. All of these events could result in your losing your investment in the notes.

We may not be able to satisfy our obligations to holders of the notes upon a change of control.

In the event of a change of control, each holder of the notes may require us to purchase all or a portion of its notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase. However, certain events involving a change of control will result in an event of default under our ABL Facility and may result in an event of default under other indebtedness that we may have at the time of any such event. In addition, the purchase of the notes prior to their stated maturity would be an event of default under our ABL Facility. An event of default under our ABL Facility or other indebtedness could result in an acceleration of such indebtedness and a cross default and acceleration of indebtedness under the notes. We cannot assure you that we would be able to repay such accelerated indebtedness or obtain necessary consents under the ABL Facility to avoid an event of default and be able to repurchase the notes in connection with a change in control. Repurchasing the notes in connection with a change in control may therefore result in us having to refinance our other outstanding debt, which we may not be able to do. Further, even if we were able to refinance this debt, the refinancing may not be on terms favorable to us.

The change of control provision in the indenture governing the notes may not protect you in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the indenture. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change of the magnitude required under the

definition of change of control in the indenture to trigger our obligation to repurchase the

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notes. Except as described above, the indenture does not contain provisions that permit the holders of the notes to require us to repurchase or redeem such notes in an event of a takeover, recapitalization or similar transaction.

Holders of the notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased by us has occurred following a sale of substantially all of our assets.

Specific kinds of change of control events require us to make an offer to repurchase all of our outstanding notes. The definition of change of control includes a phrase relating to the sale, lease or transfer of all or substantially all the assets of Conn s and its restricted subsidiaries taken as a whole. There is no precise established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase such notes as a result of a sale, lease or transfer of less than all of the assets of Conn s and its restricted subsidiaries taken as a whole to another individual, group or entity may be uncertain.

If we do not comply with the covenants in the credit agreement that governs our ABL Facility and the indenture governing the notes, we may not have the funds necessary to pay all of our indebtedness that could become due.

The credit agreement governing our ABL Facility and the indenture governing the notes contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to:

- incur additional indebtedness;
- pay dividends or make other distributions in respect of, or repurchase or redeem, our capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and certain investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

In addition, the restrictive covenants in the credit agreement governing our ABL Facility require us to maintain specified financial ratios, including a maximum leverage ratio and minimum fixed charge coverage ratio, and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them.

A breach of the covenants or restrictions under the indenture that governs the notes, or under the credit agreement governing our ABL Facility, could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our ABL Facility would permit the lenders under our ABL Facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our ABL Facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be:

limited in how we conduct our business;

unable to raise additional debt or equity financing to operate during general economic or business downturns; or

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unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy. In addition, our financial results, our significant indebtedness and our credit ratings could adversely affect the availability and terms of our financing.

Your right to receive payments on the notes is effectively junior to the lenders under our ABL Facility or other secured indebtedness.

Our obligations under the notes and the guarantors obligations under their guarantees of the notes are unsecured. As a result, the notes and any related guarantees are effectively subordinated to all of our and the guarantors secured indebtedness to the extent of the value of the collateral securing such indebtedness. Our ABL Facility is secured by a first priority security interest in substantially all of our assets and the assets of our domestic subsidiaries. In the event that we or a guarantor are declared bankrupt, become insolvent or are liquidated or reorganized, our obligations under our ABL Facility and any other secured obligations will be entitled to be paid in full from our assets or the assets of such guarantor pledged as security for such obligation before any payment may be made with respect to the notes. Holders of the notes would participate ratably in our remaining assets or the remaining assets of the guarantors with all holders of unsecured indebtedness that are deemed to rank equally with the notes, based upon the respective amount owed to each creditor. In addition, if we default under our ABL Facility, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of default exists under the indenture under which the notes were issued at such time. In any such event, because the notes will not be secured by any of our assets or any equity interests in subsidiary guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims fully.

As of January 31, 2015, we had $529.2 million outstanding under our ABL Facility, including issued standby letters of credit., all of which would be secured. Further, the indenture governing the notes permits the incurrence of substantial additional indebtedness by us and our subsidiaries in the future, including secured indebtedness, subject to certain restrictions. Any secured indebtedness incurred would rank senior to the notes to the extent of the value of the collateral securing such indebtedness.

The notes are structurally subordinated to all liabilities of our non-guarantor subsidiaries.

The notes are structurally subordinated to the indebtedness and other liabilities of our existing and future subsidiaries that do not guarantee the notes. Our non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that we or any guarantors have to receive any assets of any non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries assets, will be structurally subordinated to the claims of those subsidiaries creditors, including trade creditors. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any non-guarantor subsidiaries, such non-guarantor subsidiaries will pay the holders of their indebtedness, holders of preferred equity interests, if any, and their trade creditors before they will be able to distribute any of their assets to us to satisfy obligations under the notes and our other indebtedness. The credit agreement that governs our ABL Facility and the indenture governing the notes permit our non-guarantor subsidiaries to incur additional indebtedness, subject to certain limits, and will not limit their ability to incur liabilities that do not constitute indebtedness, as defined in such agreements.

As of January 31, 2015, our non-guarantor subsidiaries represented an immaterial percentage of our total assets and liabilities, and for the three months ended January 31, 2015 our non-guarantor subsidiaries represented

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an immaterial percentage of our total revenue and operating income, in each case, calculated on a consolidated basis. As of January 31, 2015, our non-guarantor subsidiaries had an immaterial amount of indebtedness.

A ratings agency downgrade could lead to increased borrowing costs and credit stress.

If one or more rating agencies that rate the notes either assigns the notes a rating lower than the rating expected by the investors in the notes or reduces its rating in the future, the market price of the notes, if any, would be adversely affected. In addition, if any of our outstanding debt that is rated is downgraded, raising capital will become more difficult for us, borrowing costs under our ABL Facility and other future borrowings may increase and the market price of the notes, if any, may decrease.

If the notes receive an investment grade rating, many of the covenants in the indenture governing the notes will be suspended, thereby reducing some of your protections in the indenture.

If at any time the notes receive an investment grade rating from either of Standard & Poor s Rating Services or Moody s Investor Services, subject to certain additional conditions, many of the covenants in the indenture governing the notes applicable to us and our restricted subsidiaries, including the limitations on indebtedness and disqualified capital stock and restricted payments, will be suspended. While these covenants will be reinstated if we fail to maintain an investment grade rating on the notes, during the suspension period holders of the notes will not have the protection of these covenants and we will have greater flexibility to incur indebtedness and make restricted payments. No default or event of default will be deemed to exist under the indenture, the notes or the guarantees with respect to the suspended covenants based on any actions taken or events occurring during the period in which the covenants were suspended that were permitted at such time, regardless of whether such actions or events would have been permitted if the applicable suspended covenants remained in effect during such period.

Federal and state fraudulent transfer laws permit a court to void the guarantees.

The issuance of the guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes. While the relevant laws may vary from state to state, under such laws the payment of consideration will be a fraudulent conveyance if (i) we paid the consideration with the intent of hindering, delaying or defrauding creditors or (ii) any of our guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing a guarantee and, in the case of (ii) only, one of the following is also true:

- any of our guarantors were insolvent or rendered insolvent by reason of the incurrence of the indebtedness; or
- payment of the consideration left any of our guarantors with an unreasonably small amount of capital to carry on the business; or
- any of our guarantors intended to, or believed that we or it would, incur debts beyond our or its ability to pay as they mature.

If the guarantees were legally challenged, any guarantee could be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration. If a court were to find that the issuance of the a guarantee was a

fraudulent conveyance, the court could void the payment obligations under such guarantee or subordinate such guarantee to presently existing and future indebtedness of such guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes.

Generally, an entity would be considered insolvent if at the time it incurred indebtedness:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets; or

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the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not the guarantors were solvent at the relevant time, or regardless of the standard that a court uses, that the issuance of the guarantees would not be subordinated to any guarantor s other debt.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the periods presented:

	Year Ended January 31,				
	2015	2014	2013	2012(1)	2011
Ratio of earnings to fixed charges	2.8x	5.6x	3.8x		1.0x

(1) Due to our loss in the fiscal year ended January 31, 2012, the ratio coverage was less than 1:1. Additional earnings of $3.9 million would have been required to achieve a ratio of 1:1. For the fiscal year ended January 31, 2012, we incurred charges of approximately $11.1 million related to the repayment of our term loan that are not included in amortized premiums and expenses above. This amount included a prepayment premium of $4.8 million, write-off of the unamortized original issue discount of $5.4 million and deferred financing costs of $0.9 million.

Ratio of earnings to fixed charges is calculated as income before provision for income taxes plus fixed charges (excluding capitalized interest), divided by fixed charges. Fixed charges consist of the sum of interest expensed and capitalized, amortized premiums, discounts and capitalized expenses related to indebtedness and an estimate of the interest within rental expense.

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USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the issuance of the new notes in the exchange offer. In consideration for issuing the new notes as contemplated by this prospectus, we will receive old notes in a like principal amount. The form and terms of the new notes are identical in all respects to the form and terms of the old notes, except the new notes will be registered under the Securities Act and will not contain restrictions on transfer, registration rights or provisions for additional interest. Old notes surrendered in exchange for the new notes will be retired and cancelled and will not be reissued. Accordingly, the issuance of the new notes will not result in any change in outstanding indebtedness.

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EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

We sold the old notes in transactions that were exempt from or not subject to the registration requirements under the Securities Act. Accordingly, the old notes are subject to transfer restrictions. In general, you may not offer or sell the old notes unless either they are registered under the Securities Act or the offer and sale is exempt from, or not subject to, registration under the Securities Act and applicable state securities laws.

In connection with the sale of the old notes, we entered into a registration rights agreement with the initial purchasers of the old notes. In that agreement, we agreed to use our reasonable best efforts to file an exchange offer registration statement after the closing date following the offering of the old notes. Now, to satisfy our obligations under the registration rights agreement, we are offering holders of the old notes who are able to make certain representations described below the opportunity to exchange their old notes for the new notes in the exchange offer. The exchange offer will be open for a period of at least 20 business days. During the exchange offer period, we will exchange the new notes for all old notes properly surrendered and not withdrawn before the expiration date. The new notes will be registered under the Securities Act, and the transfer restrictions, registration rights and provisions for additional interest relating to the old notes will not apply to the new notes.

Resale of New Notes

Based on no-action letters of the staff of the Commission issued to third parties, we believe that new notes may be offered for resale, resold and otherwise transferred by you without further compliance with the registration and prospectus delivery provisions of the Securities Act if:

- you are not an affiliate of us within the meaning of Rule 405 under the Securities Act;
- such new notes are acquired in the ordinary course of your business; and
- you are not engaged in, and do not intend to engage in, the distribution of the new notes.

The staff of the Commission, however, has not considered the exchange offer for the new notes in the context of a no-action letter, and the staff of the Commission may not make a similar determination as in the no-action letters issued to these third parties.

If you tender in the exchange offer with the intention of participating in any manner in a distribution of the new notes, you:

- cannot rely on such interpretations by the staff of the Commission; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Unless an exemption from registration is otherwise available, any securityholder intending to distribute new notes should be covered by an effective registration statement under the Securities Act. The registration statement should contain the selling securityholder s information required by Item 507 of Regulation S-K under the Securities Act.

This prospectus may be used for an offer to resell, resale or other transfer of new notes only as specifically described in this prospectus. If you are a broker-dealer, you may participate in the exchange offer only if you acquired the old notes as a result of market-making activities or other trading activities. Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge by way of the letter of transmittal that it will deliver this prospectus in connection with any resale of the new notes. Please read the section captioned Plan of Distribution for more details regarding the transfer of new notes

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Terms of the Exchange Offer

Subject to the terms and conditions described in this prospectus and in the letter of transmittal, we will accept for exchange any old notes properly tendered and not withdrawn prior to 5:00 p.m., New York City time on the expiration date. We will issue new notes in principal amount equal to the principal amount of old notes surrendered in the exchange offer. Old notes may be tendered only for new notes and only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange.

As of the date of this prospectus, $250,000,000 in aggregate principal amount of the old notes is outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of old notes. There will be no fixed record date for determining registered holders of old notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Exchange Act, and the rules and regulations of the SEC. Old notes that the holders thereof do not tender for exchange in the exchange offer will remain outstanding and continue to accrue interest. These old notes will continue to be entitled to the rights and benefits such holders have under the indenture relating to the notes.

We will be deemed to have accepted for exchange properly tendered old notes when we have given oral (promptly followed in writing) or written notice of the acceptance to the Exchange Agent and complied with the applicable provisions of the registration rights agreement. The Exchange Agent will act as agent for the tendering holders for the purposes of receiving the new notes from us.

If you tender old notes in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the letter of transmittal, transfer taxes with respect to the exchange of old notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connecting with the exchange offer. It is important that you read the section labeled Fees and Expenses for more details regarding fees and expenses incurred in the exchange offer.

We will return any old notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on , 2015, unless, in our sole discretion, we extend it.

Extensions, Delays in Acceptance, Termination or Amendment

We expressly reserve the right, at any time or various times, to extend the period of time during which the exchange offer is open. We may delay acceptance of any old notes by giving oral (promptly followed in writing) or written notice of such extension to their holders. During any such extensions, all old notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange.

In order to extend the exchange offer, we will notify the Exchange Agent orally or in writing of any extension. We will notify the registered holders of old notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

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If any of the conditions described below under Conditions to the Exchange Offer have not been satisfied, we reserve the right, in our sole discretion:

- to delay accepting for exchange any old notes,
- to extend the exchange offer, or
- to terminate the exchange offer,

by giving oral or written notice of such delay, extension or termination to the Exchange Agent. Subject to the terms of the registration rights agreement, we also reserve the right to amend the terms of the exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed promptly by oral or written notice thereof to the registered holders of old notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement. The supplement will be distributed to the registered holders of the old notes. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we may extend the exchange offer. In the event of a material change in the exchange offer, including the waiver by us of a material condition, we will extend the exchange offer period, if necessary, so that at least five business days remain in the exchange offer following notice of the material change.

Conditions to the Exchange Offer

We will not be required to accept for exchange, or exchange any new notes for, any old notes if the exchange offer, or the making of any exchange by a holder of old notes, would violate applicable law or any applicable interpretation of the staff of the SEC. Similarly, we may terminate the exchange offer as provided in this prospectus before expiration of the offer in the event of such a potential violation.

In addition, we will not be obligated to accept for exchange the old notes of any holder that has not made to us the representations described under Purpose and Effect of the Exchange Offer, Procedures for Tendering and Plan of Distribution and such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to allow us to use an appropriate form to register the new notes under the Securities Act.

We expressly reserve the right to amend or terminate the exchange offer, and to reject for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions to the exchange offer specified above. We will give prompt oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable.

These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion. If we fail at any time to exercise any of these rights, this failure will not mean that we have waived our rights. Each such right will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept for exchange any old notes tendered, and will not issue new notes in exchange for any such old notes, if at such time any stop order has been threatened or is in effect with respect to the registration

statement of which this prospectus constitutes a part or the qualification of the indenture relating to the notes under the Trust Indenture Act of 1939.

Procedures for Tendering

In order to participate in the exchange offer, you must properly tender your old notes to the Exchange Agent as described below. It is your responsibility to properly tender your notes. We have the right to waive any defects. However, we are not required to waive defects and are not required to notify you of defects in your tender.

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If you have any questions or need help in exchanging your notes, please call the Exchange Agent, whose address and phone number are set forth in Prospectus Summary Exchange Offer Exchange Agent.

All of the old notes were issued in book-entry form, and all of the old notes are currently represented by global certificates held for the account of DTC. We have confirmed with DTC that the old notes may be tendered using the Automated Tender Offer Program (ATOP) instituted by DTC. The Exchange Agent will establish an account with DTC for purposes of the exchange offer promptly after the commencement of the exchange offer and DTC participants must electronically transmit their acceptance of the exchange offer by causing DTC to transfer their old notes to the Exchange Agent using the ATOP procedures. In connection with the transfer, DTC will send an agent s message to the Exchange Agent. The agent s message will be deemed to state that DTC has received instructions from the participant to tender old notes and that the participant agrees to be bound by the terms of the letter of transmittal.

By using the ATOP procedures to exchange old notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

There is no procedure for guaranteed late delivery of the notes.

Determinations Under the Exchange Offer

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered old notes and withdrawal of tendered old notes. Our determination will be final and binding. We reserve the absolute right to reject any old notes not properly tendered or any old notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of old notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of old notes will not be deemed made until such defects or irregularities have been cured or waived. Any old notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, promptly following the expiration date.

When We Will Issue New Notes

In all cases, we will issue new notes for old notes that we have accepted for exchange under the exchange offer only after the Exchange Agent timely receives:

a book-entry confirmation of such old notes into the Exchange Agent s account at DTC; and

a properly transmitted agent s message.

Return of Old Notes Not Accepted or Exchanged

If we do not accept any tendered old notes for exchange or if old notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged old notes will be returned without expense to

their tendering holder. Such non-exchanged old notes will be credited to an account maintained with DTC. These actions will occur promptly after the expiration or termination of the exchange offer.

Your Representations to Us

By agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

any new notes that you receive will be acquired in the ordinary course of your business;

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you have no arrangement or understanding with any person or entity to participate in the distribution of the new notes;

you are not our affiliate, as defined in Rule 405 of the Securities Act; and

if you are a broker-dealer that will receive new notes for your own account in exchange for old notes, you acquired those notes as a result of market-making activities or other trading activities and you will deliver a prospectus (or to the extent permitted by law, make available a prospectus) in connection with any resale of such new notes.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw your tender at any time prior to 5:00 p.m., New York City time on the expiration date or, if such old notes have not been accepted for exchange, after the expiration of forty business days from the date of this prospectus. For a withdrawal to be effective you must comply with the appropriate procedures of DTC s ATOP system. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn old notes and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any old notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any old notes that have been tendered for exchange but are not exchanged for any reason will be credited to an account maintained with DTC for the old notes. This crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn old notes by following the procedures described under Procedures for Tendering above at any time prior to 5:00 p.m., New York City time, on the expiration date.

Fees and Expenses

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitation by facsimile, telephone, electronic mail or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the Exchange Agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

all registration and filing fees and expenses;

all fees and expenses of compliance with U.S. federal securities and state blue sky or securities laws;

accounting fees, legal fees incurred by us, disbursements and printing, messenger and delivery services, and telephone costs; and

related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of old notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if a transfer tax is imposed for any reason other than the exchange of old notes under the exchange offer.

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Consequences of Failure to Exchange

If you do not exchange new notes for your old notes under the exchange offer, you will remain subject to the existing restrictions on transfer of the old notes. In general, you may not offer or sell the old notes unless the offer or sale is either registered under the Securities Act or exempt from the registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the old notes under the Securities Act.

Accounting Treatment

We will record the new notes in our accounting records at the same carrying value as the old notes. This carrying value is the aggregate principal amount of the old notes less any bond discount, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

Other

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered old notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any old notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered old notes.

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DESCRIPTION OF NOTES

We are offering to exchange up to $250,000,000 aggregate principal amount of our new 7.250% Senior Notes due 2022, which have been registered under the Securities Act, referred to in this prospectus as the new notes, for any and all of our outstanding unregistered 7.250% Senior Notes due 2022, referred to in this prospectus as the old notes. We issued the old notes on July 1, 2014 in a transaction not requiring registration under the Securities Act. We are offering you new notes in exchange for old notes in order to satisfy our registration obligations from that previous transaction. The new notes will be treated as a single class with any old notes that remain outstanding after the completion of the exchange offer. The old notes and the new notes are collectively referred to in this description of notes as the Notes. The new notes will be issued, and the old notes were issued, under an indenture dated as of July 1, 2014 (the Indenture), among the Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee (the Trustee). For purposes of this description of notes, references to the Company, we, our and us refe to Conn s, Inc. and not to its subsidiaries. Certain defined terms used in this description but not defined herein have the meanings assigned to them in the Indenture. You can find the definition of various other terms used in this description of notes under the caption Certain Definitions below).

This description of notes is intended to be a useful overview of the material provisions of the Notes and the Indenture. Since this description of notes is only a summary, it does not contain all of the details found in the full text of, and is qualified in its entirety by the provisions of, the Notes and the Indenture. You should refer to the form of Notes and the Indenture for a complete description of the obligations of the Company and the Guarantors and your rights. The Company will make a copy of the Indenture available to the Holders and to prospective investors upon request.

General

The Notes

The Notes:

- will be unsecured, senior obligations of the Company;
- will be limited to an aggregate principal amount of $250.0 million, subject to our ability to issue Additional Notes;
- will mature on July 15, 2022;
- will be Guaranteed on a senior unsecured basis by all of the Company s existing and future Domestic Subsidiaries that are guarantors or borrowers under the Credit Agreement, *provided* that under certain circumstances, a Guarantor will be released from all of its obligations under the Indenture, and its Note Guarantee will terminate;
- will be issued in denominations of $2,000 or an integral multiple of $1,000 in excess thereof;

will rank equally in right of payment with any existing and future senior Indebtedness of the Company (including the Obligations under its Guarantee of the Credit Agreement);

will be effectively subordinated to all existing and future Secured Indebtedness of the Company (including the Obligations under its Guarantee of the Credit Agreement) to the extent of the value of the assets securing such Indebtedness;

will be senior in right of payment to any future Subordinated Obligations;

will be structurally subordinated to obligations of any Non-Guarantor Subsidiary; and

will be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Notes in physical, certificated form. See Book-Entry, Settlement and Clearance.

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As of the Issue Date, all of the Company s Subsidiaries were Restricted Subsidiaries, other than Conn s Receivables Funding I, LP, Conn s Receivables, LLC and Conn s Receivables Funding I GP, LLC, each of which are Securitization Subsidiaries. Subject to the provisions of the covenant described under Certain Covenants Limitation on Restricted Payments, we will be permitted to designate Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Interest

Interest on the new notes will:

- accrue at the rate of 7.25% per annum;
- accrue from the most recent interest payment date;
- be payable in cash semi-annually in arrears on January 15 and July 15, commencing on July 15, 2015;
- be payable to the Holders of record at the close of business on January 1 and July 1 immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payments on the Notes; Paying Agent and Registrar

We will pay the principal of, and premium, if any, and interest on, the Notes at the office or agency designated by the Company, except that we may, at our option, pay interest on the Notes by check mailed to Holders at their registered address set forth in the Registrar s books. We have initially designated the corporate trust office of the Trustee to act as our Paying Agent and Registrar. We may, however, change the Paying Agent or Registrar without prior notice to the Holders, and the Company or any of its Restricted Subsidiaries may act as Paying Agent or Registrar.

We will pay the principal of, and premium, if any, and interest on, Notes in global form registered in the name of or held by The Depository Trust Company (DTC) or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered Holder of such global Note.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Company, the Trustee or the Registrar for any registration of transfer or exchange of Notes, but the Company or the Trustee will require a Holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the Indenture. The Company is not required (i) to transfer or exchange any Note selected for redemption, (2) to transfer or exchange any Note for a period of 15 days before the day of any selection of Notes to be redeemed or (3) to register the transfer of or to exchange any Note between a record date and the next succeeding interest payment date.

The registered Holder of a Note will be treated as the owner of it for all purposes.

Optional Redemption

Except as described below under Repurchase at the Option of Holders Change of Control, the Notes are not redeemable until July 15, 2017. On and after July 15, 2017, the Company may redeem the Notes, in whole or, from time to time, in part, at the following redemption prices (expressed as a percentage of principal

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amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest on the Notes, if any, to the applicable date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date following on or prior to such redemption date), if redeemed during the 12-month period beginning on July 15 of the years indicated below:

Year	Percentage
2017	105.438%
2018	103.625%
2019	101.813%
2020 and thereafter	100.000%

Prior to July 15, 2017, the Company may on any one or more occasions redeem up to 35% of the original aggregate principal amount of the Notes (calculated after giving effect to any issuance of Additional Notes) in an amount not to exceed the Net Cash Proceeds (less the amount of such proceeds used to repurchase or repay other debt or securities (other than a temporary reduction in revolving credit borrowings) or to acquire securities of any person or acquire any business) of one or more Equity Offerings at a redemption price equal to 107.250% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date following on or prior to such redemption date); *provided* that

(1) at least 65% of the original aggregate principal amount of the Notes (calculated after giving effect to any issuance of Additional Notes) remains outstanding after each such redemption (unless all of such Notes are redeemed); and

(2) such redemption occurs within 180 days after the closing of any such Equity Offering.

In addition, at any time prior to July 15, 2017, the Company may redeem the Notes, in whole or, from time to time, in part, at a redemption price equal to 100% of the aggregate principal amount of the Notes plus the Applicable Premium, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date falling on or prior to such redemption date).

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Company.

Notices of redemption shall be mailed or otherwise delivered in accordance with the applicable DTC procedures at least 30 but not more than 60 days before the redemption date to each Holder to be redeemed at its registered address, except that notices of redemption may be mailed or delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not listed, then on a pro rata basis, by lot in accordance with the applicable procedures of DTC or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, although no Note of $2,000 in original principal amount will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. Any redemption or notice may, at the Company s discretion, be subject to one or

more conditions precedent, including completion of an Equity Offering or other corporate transaction.

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Mandatory Redemption; Open Market Purchases

The Company is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Company may be required to offer to purchase the Notes as described under the caption Repurchase at the Option of Holders.

The Company may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws.

Ranking of the Notes

The Notes are senior unsecured obligations of the Company that rank senior in right of payment to all future Indebtedness of the Company that is expressly subordinated in right of payment to the Notes. The Notes rank equally in right of payment with all existing and future Indebtedness of the Company that is not so subordinated (including the Obligations under its Guarantee of the Credit Agreement) and are effectively subordinated to all of the Company s Secured Indebtedness (including the Obligations under its Guarantee of the Credit Agreement) to the extent of the value of the assets securing such Indebtedness and liabilities of our Non-Guarantor Subsidiaries. In the event of bankruptcy, liquidation, reorganization or other winding up of the Company, or upon a default in payment with respect to, or the acceleration of, any Indebtedness under the Credit Agreement or other Secured Indebtedness of the Company, the assets of the Company that secure such Secured Indebtedness will be available to pay obligations on the Notes only after all Indebtedness under such Credit Agreement and other Secured Indebtedness and certain hedging obligations and cash management obligations has been repaid in full from such assets. As of January 31, 2015, we had $529.2 million outstanding under our Credit Agreement, including standby letters of credit issued as of that date.

Although the Indenture limits the amount of Indebtedness that the Company and its Restricted Subsidiaries may Incur, such Indebtedness may be substantial and a significant portion of such Indebtedness may be Secured Indebtedness or structurally senior to the Notes. See Certain Covenants Limitation on Indebtedness.

Note Guarantees

All of the Company s existing Subsidiaries Guarantee the Notes, other than Conn s Receivables Funding I, LP, Conn s Receivables, LLC and Conn s Receivables Funding I GP, LLC, and all future Domestic Subsidiaries that are guarantors or borrowers under the Credit Agreement will Guarantee the Notes. The Guarantors jointly and severally Guarantee, on a senior unsecured basis, the Company s obligations under the Notes and under the Indenture. Each Guarantor has agreed to pay, in addition to the obligations stated above, any and all costs and expenses (including reasonable attorneys fees and expenses) Incurred by the Trustee or the Holders in enforcing any rights against it under its Note Guarantee.

Each of the Note Guarantees will be a senior unsecured obligation of the respective Guarantor. Each of the Note Guarantees will rank equally in right of payment with any existing and future senior Indebtedness of the respective Guarantor (including its Obligations under the Credit Agreement to the extent such Guarantor is a guarantor or borrower under the Credit Agreement) and will be effectively subordinated to all existing and future Secured Indebtedness of the respective Guarantors (including its Obligations under the Credit Agreement to the extent such Guarantor is a borrower or guarantor under the Credit Agreement) to the extent of the value of the assets securing such Indebtedness. In the event of bankruptcy, liquidation, reorganization or other winding up of a Guarantor, or upon a default in payment with respect to, or the acceleration of, any Indebtedness under the Credit Agreement (to the extent such Guarantor is a borrower under the Credit Agreement) or other Secured Indebtedness of such Guarantor, the assets of the Guarantor that secure such Secured Indebtedness will be available to pay obligations on the Notes only after all

Indebtedness under such Credit Agreement (to the extent such Guarantor is a borrower under the Credit Agreement) (and certain hedging obligations and cash management obligations) and other Secured Indebtedness of or guaranteed by such Guarantor has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the Notes then outstanding.

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Any entity that makes a payment under its Note Guarantee will be entitled upon payment in full of all Obligations that are Guaranteed under the Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor s pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment, determined in accordance with GAAP.

The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law. The effectiveness of this limiting provision is not, however, free from doubt. If a Note Guarantee was rendered voidable, it could be subordinated by a court to all other Indebtedness (including Guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such Indebtedness, a Guarantor s liability on its Note Guarantee could be reduced to zero. See Risk Factors Risks Relating to Our Indebtedness and the Notes Federal and state fraudulent transfer laws permit a court to void the guarantees.

The Indenture provides that each Note Guarantee by a Guarantor will be automatically and unconditionally released and discharged, and such Guarantor and its obligations under its Note Guarantee will be automatically and unconditionally released and discharged, upon:

(1) (a) (i) any sale, assignment, transfer, conveyance, exchange or other disposition (by merger, consolidation or otherwise) of Capital Stock of such Guarantor after which the applicable Guarantor is no longer a Restricted Subsidiary or (ii) the sale of all or substantially all of the assets of such Guarantor to a Person which is not the Company or a Restricted Person (whether or not such Guarantor is the surviving Person in such transaction), in each case, which sale, assignment, transfer, conveyance, exchange or other disposition does not violate the applicable provisions of the Indenture;

(b) upon the proper designation of any Guarantor as an Unrestricted Subsidiary;

(c) the Company exercising its legal defeasance option or covenant defeasance option as described under Defeasance or the Company s obligations under the Indenture being discharged in accordance with the terms of the Indenture; or

(d) such Guarantor ceases to be a borrower or guarantor under the Credit Agreement; and

(2) the Company delivering to the Trustee an Officers Certificate, stating that all conditions precedent provided for in the Indenture relating to such transaction and/or release have been complied with.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, unless the Company has given a notice of redemption with respect to all of the Notes as described under Optional Redemption, the Company will make an offer to purchase all of the Notes (the Change of Control Offer) at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (the Change of Control Payment) (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date falling on or prior to the date of purchase).

No later than 30 days following any Change of Control, unless the Company has given a notice of redemption with respect to all of the Notes as described under Optional Redemption, the Company will mail a notice or otherwise deliver notice in accordance with the applicable procedures of DTC of such Change of Control Offer to each Holder, with a copy to the Trustee, stating:

(1) that a Change of Control Offer is being made and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for purchase by the Company at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on an interest payment date);

(2) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the Change of Control Payment Date); and

(3) the procedures determined by the Company, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes (of $2,000 or an integral multiple of $1,000 in excess thereof) properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes so tendered; and

(3) deliver or cause to be delivered to the Trustee for cancellation the Notes so accepted together with an Officers Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company in accordance with the terms of this covenant.

The paying agent will promptly mail (or otherwise deliver in accordance with the applicable procedures of DTC) to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or otherwise deliver in accordance with the applicable procedures of DTC) (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest to the Change of Control Payment Date will be paid on the Change of Control Payment Date to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender pursuant to the Change of Control Offer.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable, except as set forth under the captions Defeasance and Satisfaction and Discharge. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Even if sufficient funds were otherwise available, the terms of the Credit Agreement may, and future Indebtedness may, prohibit the Company s prepayment of the Notes before their scheduled maturity. Consequently, if the Company is not able to prepay the Indebtedness under the Credit Agreement and any such other Indebtedness containing similar restrictions or obtain requisite consents, the Company will be unable to fulfill its repurchase obligations if Holders of Notes exercise their repurchase rights following a Change of Control, resulting in a default under the Indenture. A payment default or acceleration under the Indenture will result in a cross-default under the current terms of the Credit Agreement.

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) in connection with or in contemplation of any

publicly announced Change of Control, the Company has made any offer to purchase (an Alternate Offer) any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered in accordance with the terms of the Alternate Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control conditional upon the occurrence of such Change of Control, if a definitive agreement is in place for the Change of Control contemporaneously with the making of the Change of Control Offer or Alternate Offer.

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The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described in the Indenture by virtue of the conflict.

The Change of Control provisions described above may deter certain mergers, tender offers and other takeover attempts involving the Company by increasing the capital required to effectuate such transactions. The definition of Change of Control includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to any Person. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of all or substantially all of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Company to make an offer to repurchase the Notes as described above. The provisions under the Indenture relative to the Company s obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer or Alternate Offer and the Company, or any other Person making a Change of Control Offer in lieu of the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Company will have the right, upon not less than 30 nor more than 60 days prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Securities that remain outstanding following such purchase at a redemption price in cash equal to the applicable Change of Control Payment or Alternate Offer price, as applicable, plus, to the extent not included in the Change of Control Payment or Alternate Offer price, as applicable, accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date falling on or prior to such redemption date).

Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration at least equal to the Fair Market Value (such Fair Market Value to be determined on the date of contractually agreeing to such Asset Disposition) of the shares, property and assets subject to such Asset Disposition; and

(2) at least 75% of the consideration received by the Company or such Restricted Subsidiary, as the case may be, from such Asset Disposition and all other Asset Dispositions since the Issue Date, is in the form of cash or Cash Equivalents.

For the purposes of clauses (1) and (2), no Asset Disposition pursuant to condemnation, confiscation, appropriation or other similar taking, including by deed in lieu of condemnation, resulting from damage, destruction, or total loss, or pursuant to foreclosure or other enforcement of a Lien Incurred not in breach of the Indenture or exercise by the related lienholder of rights with respect thereto, including by deed or assignment in lieu of foreclosure shall, in any such case, be required to satisfy the conditions set forth in clause (1) and (2) above.

For the purposes of clause (2) above and for no other purpose, the following will be deemed to be cash:

(1) any liabilities (as shown on the Company s or such Restricted Subsidiary s most recent balance sheet) of the Company or any Restricted Subsidiary (other than liabilities that are by their express terms

subordinated in right of payment to the Notes or the Note Guarantees) that are assumed by the transferee of any such shares, property or other assets and from which the Company and all Restricted Subsidiaries have been validly released by all creditors in writing;

(2) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Disposition; and

(3) any Designated Non-cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (3) that is at that time outstanding, not to exceed the greater of (x) $35.0 million and (y) 2.5% of Total Assets at the time of the receipt of such Designated Non-cash Consideration (with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received without giving effect to subsequent changes in value).

Within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash, the Company or such Restricted Subsidiary may apply such Net Available Cash, at the option of the Company and in the sequence it elects, as follows:

(a) to repay, retire or redeem any Indebtedness of the Company (other than any Disqualified Stock or Subordinated Obligations) or Indebtedness of a Restricted Subsidiary (other than any Disqualified Stock or Guarantor Subordinated Obligations), in each case other than Indebtedness owed to the Company or an Affiliate of the Company; or

(b) to invest in Additional Assets;

provided that the Issuer will be deemed to have complied with the provisions described in clause (b) of this paragraph if and to the extent that, within 365 days from the later of the date of such Asset Dispositions that generated the Net Available Cash or the receipt of such Net Available Cash, the Company or such Restricted Subsidiary has entered into and not abandoned or rejected a binding agreement to acquire the assets or Capital Stock of a Similar Business, make an Investment in Additional Assets or make a capital expenditure in compliance with the provision described in clause (b), and that acquisition, purchase, investment or capital expenditure is thereafter completed within 180 days after the end of such 365-day period. Pending the final application of any such Net Available Cash in accordance with clauses (a) or (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness (including under a revolving Debt Facility) or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that are not applied or invested as *provided* in the preceding paragraph will be deemed to constitute Excess Proceeds which, for the avoidance of doubt, shall not include any Net Available Cash that is the subject of an Asset Disposition Offer to the extent not accepted by the Holders on or before the applicable Asset Disposition Purchase Date pursuant to the terms described below. On the 366th day after an Asset Disposition, or, in the case of clause (b) of the preceding paragraph, upon abandonment of any such project (or in either case, earlier at the Company s option), if the aggregate amount of Excess Proceeds exceeds $25.0 million, the Company will promptly thereafter be required to make an offer (Asset Disposition Offer) to all Holders and, to the extent required by the terms of outstanding Pari Passu Indebtedness, to all holders of such Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date), in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in each case in denominations of

$2,000 or an integral multiple of $1,000 in excess thereof. The Company shall commence an Asset Disposition Offer with respect to Excess Proceeds by mailing (or otherwise communicating in accordance with the procedures of DTC) the notice required pursuant to the terms of the Indenture, with a copy to the Trustee. To the extent that the aggregate amount of Notes and Pari Passu Indebtedness validly tendered and not properly withdrawn pursuant to an Asset

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Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of Notes surrendered by Holders thereof and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate accreted value or principal amount of tendered Notes and Pari Passu Indebtedness. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the Asset Disposition Offer Period). No later than five Business Days after the termination of the Asset Disposition Offer Period (the Asset Disposition Purchase Date), the Company will apply all Excess Proceeds to the purchase of the aggregate principal amount of Notes and, if applicable, Pari Passu Indebtedness (on a pro rata basis, if applicable) required to be purchased pursuant to this covenant (the Asset Disposition Offer Amount) or, if less than the Asset Disposition Offer Amount of Notes (and, if applicable, Pari Passu Indebtedness) has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest up to but excluding the asset sale purchase date will be paid to the Person in whose name a Note is registered at the close of business on such record date.

The Company will deliver, or cause to be delivered, to the Trustee the Notes so accepted and an Officers Certificate stating the aggregate principal amount of Notes or portions thereof so accepted and that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant.

The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to an Asset Disposition Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Certain Covenants

Effectiveness of Covenants

Following the first day (such date, a Suspension Date):

(a) the Notes have an Investment Grade Rating from either of the Rating Agencies;

(b) no Default has occurred and is continuing; and

(c) an Officer s Certificate is delivered by the Company to the Trustee to the foregoing effect,

the Company and its Restricted Subsidiaries will thereafter no longer be subject to the provisions of the Indenture summarized under the headings below:

Repurchase at the Option of Holders Asset Sales,

Limitation on Restricted Payments,

Limitation on Indebtedness,

Future Guarantors (but only with respect to any Person that is required to become a Guarantor after the date of the commencement of the applicable Suspension Date),

Limitation on Restrictions on Distributions from Restricted Subsidiaries,

Limitation on Affiliate Transactions, and

the first paragraph of Merger and Consolidation (collectively, the Suspended Covenants).
If at any time the credit rating of the Notes is downgraded such that they cease to have an Investment Grade Rating from either Rating Agency, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the Reinstatement Date), unless and until the Notes subsequently attain an Investment Grade Rating from either of the Rating Agencies and no Default or Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Rating from either of the Rating Agencies); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture, the Notes or the Note Guarantees with respect to the Suspended Covenants based on, and none of the Company or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring during the Suspension Period (as defined below) that were permitted at such time, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the occurrence of each Suspension Date and the Reinstatement Date is referred to as a Suspension Period.

On the Reinstatement Date, all Indebtedness Incurred during the Suspension Period will be classified to have been Incurred pursuant to the first paragraph of Limitation on Indebtedness or one of the clauses set forth in the second paragraph of Limitation on Indebtedness (in each case to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reinstatement Date and after giving effect to Indebtedness Incurred prior to the Suspension Period and outstanding on the Reinstatement Date). To the extent such Indebtedness would not be so permitted to be Incurred pursuant to the first or second paragraph of Limitation on Indebtedness, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified under clause (3) of the second paragraph of Limitation on Indebtedness. Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under Limitation on Restricted Payments will be made as though the covenant described under Limitation on Restricted Payments had been in effect since the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of Limitation on Restricted Payments.

During any period when the Suspended Covenants are suspended, the Board of Directors of the Company may not designate any of the Company s Subsidiaries as Unrestricted Subsidiaries pursuant to the Indenture.

Promptly following the occurrence of any Suspension Date or Reinstatement Date, the Company will provide an Officers Certificate to the Trustee regarding such occurrence, and in the absence of such Officers Certificate, the Trustee shall be entitled to presume that no Suspension Date or Reinstatement Date has occurred. The Trustee shall have no obligation to independently determine or verify if a Suspension Date or Reinstatement Date has occurred or notify the Holders of any Suspension Date or Reinstatement Date. The Trustee may provide a copy of such Officers Certificate to any Holder upon request. There can be no assurance that the Notes will ever achieve an Investment Grade Rating.

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Company and the Guarantors may Incur Indebtedness (including Acquired Indebtedness) if on the date thereof and after giving effect thereto on a pro forma basis (including a pro forma application of net proceeds therefrom), the Consolidated Coverage Ratio for the Company and its Restricted Subsidiaries is at least 2.00 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness of the Company or any Restricted Subsidiary Incurred under one or more Debt Facilities and the issuance and creation of letters of credit and bankers acceptances thereunder (with

undrawn trade letters of credit and reimbursement obligations relating to trade letters of credit satisfied within 30 days being excluded, and bankers acceptances being deemed to have a principal amount equal to the face amount thereof) in an aggregate outstanding amount Incurred under this clause (1) not to exceed an amount equal to the greater of (i) $1,150.0 million and (ii) the Borrowing Base (determined at the time of Incurrence);

(2) Indebtedness represented by the Notes (other than any Additional Notes) and the Note Guarantees and any Exchange Notes and any Note Guarantees thereof;

(3) Indebtedness of the Company and its Restricted Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1), (2), (4), (5), (7), (9), (10), (11) and (15) of this paragraph);

(4) Guarantees by the Company or any Restricted Subsidiary of Indebtedness permitted to be Incurred by the Company or a Guarantor in accordance with the provisions of the Indenture; *provided* that in the event such Indebtedness that is being Guaranteed is a Subordinated Obligation or a Guarantor Subordinated Obligation, then the related Guarantee shall be subordinated in right of payment to the Notes or the Note Guarantee, as the case may be;

(5) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any other Restricted Subsidiary; *provided*, *however*,

(a) if the Company is the obligor on Indebtedness owing to a Non-Guarantor Subsidiary, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes;

(b) if a Guarantor is the obligor on such Indebtedness and a Non-Guarantor Subsidiary is the obligee, such Indebtedness is subordinated in right of payment to the Note Guarantees of such Guarantor; and

(c) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary of the Company, will be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Subsidiary, as the case may be;

(6) Indebtedness of Persons Incurred and outstanding on the date on which such Person became a Restricted Subsidiary or was acquired by, or merged into, the Company or any Restricted Subsidiary (other than Indebtedness Incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided*, *however*, that at the time such Person is acquired (and after giving pro forma effect thereto), either

(a) the Company would have been able to Incur $1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (6); or

(b) the Consolidated Coverage Ratio of the Company and its Restricted Subsidiaries is higher than such ratio immediately prior to such acquisition or merger;

(7) Indebtedness under Hedging Obligations that are Incurred in the ordinary course of business (and not for speculative purposes);

(8) Indebtedness (including Capitalized Lease Obligations) of the Company or a Restricted Subsidiary Incurred to finance all or any part of the purchase, lease, construction or improvement of any property, plant

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or equipment used or to be used in the business of the Company or such Restricted Subsidiary whether through the direct purchase, lease, construction or improvement of such property, plant or equipment, including any such Indebtedness assumed in connection with the purchase of such property, plant or equipment or secured by a Lien thereon prior to such purchases, such property, plant or equipment, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) and any Refinancing Indebtedness in respect thereof pursuant to clause (12) and then outstanding, will not exceed at any time outstanding (determined as of the date of such Incurrence) the greater of (i) $75.0 million and (ii) 5.0% of Total Assets of the Company;

(9) Indebtedness Incurred by the Company or its Restricted Subsidiaries (a) in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance, self-insurance obligations, performance, bid, surety, appeal and similar bonds and completion Guarantees (not for borrowed money) provided in the ordinary course of business, including obligations in respect of letters of credit, bankers acceptances or other similar instruments issued for such purposes to the extent none of such instruments is drawn upon, or if drawn upon, is reimbursed no later than the fifth Business Day following receipt of demand for reimbursement following payment on the letter of credit, bankers acceptance or similar instrument and (b) arising from an obligation to repay customer deposits received in the ordinary course;

(10) Indebtedness (other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition) arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business or assets of the Company or any business, assets or Capital Stock of a Restricted Subsidiary;

(11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument, including electronic transfers, wire transfers and credit card payments (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business (except in the form of lines of credit); *provided*, *however*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(12) the Incurrence or issuance by the Company or any Restricted Subsidiary of Refinancing Indebtedness that serves to refund or refinance any Indebtedness Incurred as permitted under the first paragraph of this covenant and clauses (2), (3), (6), (8) and this clause (12) of the second paragraph of this covenant, or any Indebtedness issued to so refund or refinance such Indebtedness, including additional Indebtedness Incurred to pay premiums (including reasonable, as determined in good faith by the Company, tender premiums), defeasance costs, accrued interest and fees and expenses in connection therewith;

(13) Indebtedness of Foreign Subsidiaries of the Company in an aggregate outstanding principal amount which will not exceed the greater of (i) $35.0 million and (ii) 2.5% of the Total Assets of the Company, determined as of the date of Incurrence of such Indebtedness;

(14) Indebtedness of the Company to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the Notes (including any Additional Notes, if any);

(15) Indebtedness constituting Non-Recourse Debt under any Permitted Receivables Financing Incurred on or after the Issue Date; and

(16) in addition to the items referred to in clauses (1) through (15) above, Indebtedness of the Company and the Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal

amount of all other Indebtedness Incurred pursuant to this clause (16) and then outstanding, will not exceed the greater of (i) $75.0 million and (ii) 5.0% of the Total Assets of the Company determined at the time of Incurrence.

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For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first or second paragraph of this covenant (or any combination thereof), the Company, in its sole discretion, will be permitted to classify and divide such item of Indebtedness (or any one or more portions thereof) on the date of Incurrence and may later re-classify or divide such item of Indebtedness (or any one or more portions thereof) in any manner that complies with the first or second paragraph of this covenant (or any combination thereof) and only be required to include the amount and type of such Indebtedness in one of such clauses; *provided* that all Indebtedness outstanding on the Issue Date under the Credit Agreement (after giving effect to the offering and the use of proceeds of the Initial Notes) shall be deemed Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (3) of the second paragraph of this covenant and may not later be reclassified or divided;

(2) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit are Incurred pursuant to a Debt Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Non-Guarantor Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the amortization of debt discount, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount or the aggregate principal amount outstanding in the case of Indebtedness issued with interest payable in kind and (ii) the principal amount or liquidation preference thereof in the case of any other Indebtedness.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum

amount of Indebtedness that the Company may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

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Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution (whether made in cash, securities or other property) on or in respect of its or any of its Restricted Subsidiaries Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) other than:

(a) dividends or distributions payable solely in Capital Stock of the Company (other than Disqualified Stock); and

(b) dividends or distributions by a Restricted Subsidiary, so long as, in the case of any dividend or distribution payable on or in respect of any Capital Stock issued by a Restricted Subsidiary that is not a Wholly Owned Subsidiary, the Company or the Restricted Subsidiary holding such Capital Stock receives at least its pro rata share of such dividend or distribution;

(2) purchase, redeem, retire or otherwise acquire for value, including in connection with any merger or consolidation, any Capital Stock of the Company or any direct or indirect parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled repayment or installment, scheduled sinking fund payment or scheduled maturity, any Subordinated Obligations or Guarantor Subordinated Obligations, other than:

(a) Indebtedness of the Company owing to and held by any Guarantor or Indebtedness of a Guarantor owing to and held by the Company or any other Guarantor permitted under clause (5) of the second paragraph of the covenant Limitation on Indebtedness ; or

(b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations or Guarantor Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement; or

(4) make any Restricted Investment

(all such payments and other actions referred to in clauses (1) through (4) above (other than any exception thereto) shall be referred to as a Restricted Payment), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default exists or immediately after giving effect thereto would exist;

(b) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur $1.00 of additional Indebtedness under the provisions of the first paragraph of the Limitation on Indebtedness covenant; and

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to the Issue Date (excluding Restricted Payments made pursuant to clauses (1), (2), (3), (4), (6), (7), (8), (9), (10), (11), (12) and (13) of the next succeeding paragraph) would not exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from May 1, 2014 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are available (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit); plus