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

FORM 10-K

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

For the Fiscal Year Ended December 31, 2016.
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____
Commission File Number 1-09720

PAR TECHNOLOGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**16-1434688**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
PAR Technology Park **8383 Seneca Turnpike** **New Hartford, New York**	**13413-4991**
(Address of principal executive offices)	(Zip Code)

(315) 738-0600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $.02 par value	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule

405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

Large Accelerated Filer ☐	Accelerated Filer ☐	Non Accelerated Filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

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

The aggregate market value of the registrant's common stock held by non-affiliates (computed by reference to the price at which the common stock was last sold) was $48,995,090 on June 30, 2016.

There were 15,771,345 shares of common stock outstanding as of March 28, 2017.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2017 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K.

PAR Technology Corporation
Form 10-K
For the Fiscal Year Ended December 31, 2016

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Forward Looking Statements

This Annual Report on Form 10-K ("Annual Report") contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and the Private Litigation Reform Act of 1995. Forward-looking statements are not historical in nature, but rather are predictive of our future operations, financial condition, business strategies and prospects. Forward-looking statements are generally identified by words such as "anticipate", "believe," "belief," "continue," "could", "expect," "estimate," "intend," "may," "opportunity," "plan," "should," "will," "would," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those expressed in, or implied by, the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Annual Report, including in "Item 1A. Risk Factors", "Item 7. Management's Discussion and Analysis", and "Item 9A. Controls and Procedures". We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities law.

PART I

Item 1: Business.

General.

PAR Technology Corporation, together with its subsidiaries, provides management technology solutions, including software, hardware, and related services, integral to the point-of-sale ("POS") infrastructure and task management, information gathering, assimilation and communications services. We deliver our management technology solutions through two operating segments – our Restaurant/Retail segment and our Government segment. Information about our segment revenues, operating income, and identifiable assets (including certain information by geographic location) is set forth in Note 11 – Segment and Related Information - of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Annual Report).

In this Annual Report, the terms "PAR", "the Company", "we", "us", and "our" refer to PAR Technology Corporation and its consolidated subsidiaries, unless the context indicates otherwise.

"PAR", "Brink POS", "Surecheck", "Pixelpoint", "EverServ" and other trademarks of PAR's appearing in this Annual Report belong to PAR. This Annual Report contains trade names and trademarks of other companies. Our use of such other companies' trade names or trademarks is not intended to imply any endorsement or sponsorship by these companies of PAR, its products, or services.

Restaurant/Retail Segment:

Overview.

We derived approximately 65% of our total consolidated revenues from this segment in 2016. PAR continues to be a leading provider of management technology solutions to restaurants and retail with over 75,000 systems installed in over 110 countries; and we continue to expand our business into big box retailers, grocery stores, and contract food management organizations, primarily driven by our SureCheck solution.

We provide our customers with management technology solutions that address their desire to offer seamless transactional experiences or product offerings to their customers, while enabling them to gather and use content management and business intelligence to complete the transaction or to monitor the quality and safety of their products.

Our management technology solutions include our cloud and on-premise software applications, hardware platforms, and related installation, technical, and maintenance support services. Our software offerings include front-of-store POS software applications, operations management software applications (known as back-office software), and enterprise software applications for content management and business intelligence. Our hardware offerings include POS terminals, tablets, kitchen systems utilizing printers and/or video monitors, and a wide range of food safety monitoring and task management hardware.

Products and Services. The products and services in the Restaurant/Retail segment include:

Cloud and On-Premise Software, including SaaS offerings:

- Brink POS ("Brink") – a point of sale ("POS") cloud based software that scales for use by single and multi-unit operators with traditional and/or mobile platforms. Brink is a leading software solution for restaurants, particularly in the quick serve/fast casual restaurant categories. A cloud POS platform, Brink eliminates the need for the back-office server, and simplifies software version control and organizational updates. Brink provides and integrates to mobile/online ordering, loyalty, kitchen video systems, guest surveys, enterprise reporting, and mobile dashboards. Brink is sold as a cloud software-as-a-Service ("SaaS").

- PixelPoint - an integrated software solution, that includes a POS software application, a self-service ordering function, back-office management, and an enterprise level loyalty and gift card information sharing application. The PixelPoint solution is primarily sold to independent table service and quick serve restaurants through channel partners.

- Surecheck – an IoT (Internet of Things) mobile software solution, that provides food safety monitoring and intelligent checklist management through a combination of a cloud enterprise application, a PDA-based mobile application, and a patented integrated temperature measuring device.

The Restaurant Market. Our software applications and hardware platforms are designed to be complete and integrated solutions for multi-unit and individual restaurants, franchisees, and enterprise customers in the three dominant restaurant categories: fast casual ("FC"), quick serve ("QSR"), and table service ("TSR"). Each of these restaurant categories has distinct operating characteristics and service delivery requirements that are managed by Brink and PixelPoint. Both Brink and PixelPoint allow customers to configure their technology systems to meet their order entry, food preparation, inventory, and workforce management needs, while capturing real-time transaction data at each location and delivering valuable insight throughout the enterprise.

The Retail Market. The Surecheck solution offers food retail (grocery), food service, and food manufacturer customers with an effective way to manage Hazard Analysis & Critical Control Points ("HACCP") compliance; it automates the monitoring of quality risk factors (e.g., food temperature) while dramatically lowering the potential for human error. Surecheck records employee food preparation, handling and manufacturing processes and tasks, while providing insight to abnormal checklist conditions and configurable automated alerts when tasks are behind schedule or out of compliance. In addition to food retail (grocery), food service, and food manufacturing, Surecheck offers restaurant and retail operators a device to effectively capture and monitor data to manage policy compliance and oversight, loss prevention, merchandising, and other audit functions.

Hardware.

Our EverServ POS platforms are designed to reliably operate in harsh environments associated with food service. Our EverServ platforms are durable and highly functioning, scalable, and easily integrated - offering customers

competitive performance at a cost-conscious price. PAR's hardware platforms are compatible with popular third-party operating systems, support a distributed processing environment and are suitable for a broad range of use and functions within the markets served. PAR's open architecture POS platforms are optimized to host our POS software applications, as well as many third-party POS applications, and are compatible with a variety of peripheral devices. We partner with numerous vendors that offer complementary in-store peripherals, such as cash drawers, card readers, and printers to kitchen video systems, allowing us to deliver a completely integrated solution through one vendor.

Our POS hardware platforms are designed to meet customer needs and exceed customer expectations regardless of the restaurant concept, the size of the organization or the complexity of its requirements. PAR's hardware platform offerings are primarily comprised of three POS product lines: EverServ 500 Series, EverServ 7000 Series, and EverServ 8000 Series.

- EverServ 500 Series - is built with the rugged durability PAR is known for and is a value platform for operators that require fewer features/functions. Its small ergonomic footprint is ideal for installations where space is at a premium. The EverServ 500's solid design is quiet, offers low power consumption, and minimizes maintenance.

- EverServ 7000 Series - offers a combination of performance, style, ease of service, remote management, flexibility, and modularity. The EverServ 7000 is built to operate in harsh environments - grease and liquid spills - and endure high customer traffic and transaction activities. The high-performance architecture of the 7000 supports demanding applications and delivers the speed needed to improve customer throughput.

- EverServ 8000 Series – is designed and developed based on the latest technology platforms from Intel Corporation. The EverServ 8000 boasts a modern design and, while it is one of the smallest footprints available in the market, it offers the same operational durability as our EverServ 7000.

- EverServ tablets – PAR Tablet 5, PAR Tablet 8 and PAR Tablet 10 - are the latest in PAR's series of enterprise-class mobile devices built for our customers. Consistent with our EverServ family, the EverServ tablets are designed to operate in harsh environments. Attributable to the Everseve tablets' extended battery life, the rugged design of the EverServ tablets does not impact the level of "up time" enjoyed by customers, but it does extend the EverServ tablets' life cycle. Our EverServ mobility family of hardware platforms also include a variety of docking and charging stations, the ability to use magnetic cards and payment systems, hand and shoulder straps and holsters to support the variety of product applications.

Services.

We provide a complete portfolio of services to support technology needs before, during and after software and/or hardware deployments. We offer installation, technical and break-fix support for our products through support services, license and/or subscription agreements with our customers. We also offer depot repair and overnight - Advanced Exchange - service. Through our training services, we offer complete application training to our customers' in-store staff, and provide technical training to our customers' information systems personnel.

In North America, we offer 24-hour help desk support from our diagnostic service center located in Boulder, Colorado, and on-site support through our field tech service network, which services the continental U.S., we offer similar support services to our customers outside of the U.S.

The restaurant market is fragmented, we support major corporations and their franchisees, and businesses of all sizes, including single store operators. We believe our ability to offer comprehensive services including installation, maintenance, and technical support to a diverse set of customers differentiates us from our competitors.

Using a suite of software applications, our experienced service organization provides customers with knowledge based diagnostic solutions to resolve customer service issues. Our service providers compile information about potential customer or product trends and opportunities, and provide this information to our remote service technicians, to assist them in diagnosing issues occurring at customer locations, in real-time; reducing the need for physical on-site service calls. Our customer relationship management system allows our call center personnel to maintain customer profiles, including customer hardware and software details, service history, and database of problem-resolutions, to maximize our service resolution effectiveness and customer satisfaction.

We work closely with our customers to identify and address the latest restaurant or retail technology requirements by creating interfaces to the latest innovations in operational equipment, including Europay, MasterCard and Visa (EMV), digital, and additional solutions located inside and outside of the customer's premises. PAR provides systems integration expertise to interface specialized components, including but not limited to video monitors, wireless networks, and video surveillance, to meet requirements of its global customers.

Sales and Marketing

In the U.S., we market and sell our products through our dedicated sales teams, who directly interface with our tier 1 customers (owner and/or operator of 2,000 or more sites), tier 2 customers (owner and/or operator of 101-1,999 sites) and tier 3 customers (owner and/or operator of a 2 – 100 sites). Our international sales teams also market and sell our products and services to tier 1 customers outside of the U.S., as well as local/regional customers, from our in-country offices. We also use channel partners to market and sell our products and services both in the U.S. and internationally.

We also market and sell our products through sales representatives, who enlist and support many well-regarded value-added resellers serving multi-unit operators, the independent restaurant category, and the non-foodservice markets such as retail, convenience, amusement parks, movie theaters, cruise lines, spas and other ticketing and entertainment venues.

PAR has developed and nurtured, long-term relationships with three of the largest organizations in the Restaurant/Retail segment - McDonald's Corporation, Yum! Brands, Inc., and the SUBWAY franchisees of Doctor's Associates Inc. McDonald's currently has approximately 36,000 restaurants in more than 100 countries; since 1980, PAR is an approved provider to McDonald's and its franchisees of restaurant technology systems and support services. Yum! Brands, which includes Taco Bell, KFC, and Pizza Hut, currently has over 43,500 restaurants in more than 135 countries; PAR has been an approved supplier since 1983 and is a major supplier of in-store technology systems to concepts within the Yum! Brands portfolio. We continue to expand our hardware sales and related services to SUBWAY, which currently has more than 44,000 restaurants around the world. Other significant restaurant chains that use PAR POS products and related services include: the Baskin-Robbins unit of Dunkin' Brands Group, Inc., the Hardee's, and Carl's Jr. units of CKE Restaurants, Inc., Five Guys, Jack-in-the-Box, and franchisees of these organizations.

Throughout 2016, we continued to add new SureCheck customers to our existing customers - Wegmans Food Markets, Inc., which currently has approximately 92 store locations, and Wal-Mart Stores Inc., (including Sam's Clubs), which currently has approximately 5,224 domestic and 6,300 international stores. Both Wegmans and Wal-Mart selected the SureCheck solution to food safety and task management requirements.

Competition

POS software and hardware offerings to the restaurant and retail markets is highly competitive. Most of our significant customers have several approved suppliers of software and/or hardware similar to one or more of our products. We compete directly with some product offerings from Oracle Corporation, NCR Corporation, and Panasonic Corporation among others. We compete on the basis of product delivery (cloud based software applications v. traditional), product design, features and functionality, quality and reliability, price, and customer service. Our competitive advantages include our integrated solutions offerings, including our cloud (SaaS delivery model) and on-premise software, ergonomic purpose-built hardware, advanced development capabilities, extensive domain knowledge and expertise, excellent product reliability, a customer dedicated direct sales force organization, and world class and responsive customer service and support.

The markets that are the focus of SureCheck are immature and there are currently few competitors. However, as the functionality and efficiencies of the SureCheck solution become more known and demonstrable, we will face competition in this product offering category as well.

Backlog

Product orders are generally of a short-term nature, and are usually confirmed and shipped in less than 6 months.

Research and Development

Continuous product research, innovation, and product development are an integral part of our business. We continuously evaluate customer needs, and new and relevant technologies, to enable us to develop innovative new products and enhancements to our existing products to improve and/or add to their functionality, performance, operation, and integration capabilities; from hand-held wireless devices to advances in internet performance, our professional services unit is available for consultation on a wide variety of topics including network infrastructures, system functionality, operating system platforms, and hardware expandability. Research and development expenses were $11.6 million in 2016 and $10.1 million in 2015. We capitalize certain software costs in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification ("ASC") Topic No. 985. See Note 1 – Summary of Significant Accounting Policies - of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Annual Report) for further discussion.

Manufacturing and Suppliers

We assemble our ES 8000 series of hardware internally as well as source hardware products and hardware related components from third parties. Although we purchase most of the materials, supplies, product sub-assemblies and full assemblies for our internal assembling of products from several suppliers, we do rely on sole sources for certain of our assembly components and hardware products. As a result, we periodically review and evaluate potential risks of disruption to our supply chain operations in the event one or more supplier should fail to perform.

Government Segment:

PAR's Government segment provides a range of solutions and services for the U.S. Department of Defense ("DoD") and federal agencies. It is focused on two principal offerings – Solutions and Services; and Mission Support.

Solutions and Services

Intelligence, Surveillance, and Reconnaissance ("ISR"). We provide a variety of geospatial intelligence and situational awareness solutions for mobile and data center offerings. Our substantive, in depth expertise in these domains enable us to provide our government customers and large systems integrators with key technologies to support a variety of applications ranging from strategic enterprise systems to tactical in the field dismounted users. Additionally, we have developed a number of solutions relative to these advanced technologies and we provide integration and training support with respect to these solutions.

ISR provides systems engineering support and software-based solutions to DoD research and development laboratories as well as operational commands. Our internal expertise ranges from theoretical and experimental studies to development and fielding of operational capabilities. Our employees are:

- experienced developers and subject-matter experts in DoD Full Motion Video ("FMV");
- developers of geospatial and imagery data management, visualization, and exploitation solutions;
- major contributors to radar systems from inception to operational capabilities;
- developers of mobile computing applications for Android, iOS, and Windows; and
- developers of geospatial information system ("GIS") solutions.

We are actively engaged in the development of mobility applications that support the needs of mobile teams with real-time situation awareness and distributed communications. ISR has a strong legacy in the advanced research, development and productization of geospatial information assurance ("GIA") technology involving steganography, steg analysis, digital watermarking, and image forensics. These enabling technologies have been used to provide increased protection and security of geospatial data. Intelligence, Surveillance, and Reconnaissance also provides scientific and technical support to the U.S. Intelligence Community.

Systems Engineering & Evaluation. We integrate and test a broad range of government and industry research and development solutions. The Company designs and integrates radar sensor systems including experimentation, demonstration, and test support. We also provide scientific and technical engineering and analysis to intelligence community customers, as well as program management services for the acquisition, development, and deployment of advanced prototypes and quick reaction systems.

Mission Support

Satellite & Telecommunications Support. We provide a wide range of technical and support services to sustain mission critical components of the Department of Defense Information Network (DoDIN). These services include continuous 24/7/365 operations, system enhancements and associated maintenance of very low frequency (VLF), high frequency (HF) and very high frequency (VHF) ground-based radio transmitter/receiver facilities. Additionally, the Company operates and maintains several extremely high frequency (EHF) and super high frequency (SHF) satellite communication earth terminals and teleport facilities. The DoD communications earth stations operated by PAR is the primary communications infrastructure utilized by the national command authority and military services to exercise command and control of the nation's air, land and naval forces and provide support to allied coalition forces.

Space & Satellite Control Support. We provide satellite operation, management, and maintenance services to support satellite control center operations. Primary services include satellite telemetry monitoring, tracking and command support, and satellite control to provide reliable space-based satellite services conducting command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) operations. PAR delivers services in support of satellite telemetry, tracking, control, and remote terminal operations from 7 locations worldwide.

Management technology/Systems Support. We provide management technology services to the DoD and federal agencies. These services include helpdesk services, systems administration, network administration, information assurance and systems security, database administration, telephone systems management, testing and testbed management, and ITIL-based service management.

Telecommunication services include satellite and terrestrial communications operations and maintenance services, which operate elements of the DoDIN to support the National Command Authority (President & Joint Chiefs of Staff), DoD and other government agencies. The Company provides IT support services ranging from advanced systems management to help desk support—with more than 50% of its global footprint outside the continental U.S. with contracts in Europe, Africa, Australia, and U.S. commonwealths and territories in the Pacific and Caribbean.

PAR has strong and enduring relationships with a diverse set of customers throughout the U.S. DoD and federal government, and our track record of delivering mission critical services to our government customers spans decades, and includes contracts continuing 15 years or more. We work closely with our customers, with the vast majority of our mission system employees co-located at customer sites. Our strong relationships and on-site presence with our customers enable PAR to develop substantive customer and technical domain knowledge, and translate mission understanding into exemplary program execution and continued demand for PAR's services.

Marketing and Competition

We obtain contracts primarily through competitive proposals in response to solicitations from government organizations and prime contractors. In addition, PAR sometimes obtains contracts by submitting unsolicited proposals. Although we believe we are well positioned in our business areas, competition for government contracts is intense. Many of our competitors are major corporations, or subsidiaries thereof, that are significantly larger and have substantially greater financial resources. We also compete with many smaller, economically disadvantaged companies, many of which are designated by the government for preferential "set aside" treatment, that target particular segments of the government contract market. The principal competitive factors are past performance, the ability to perform the statement of work, price, technological capabilities, management capabilities and service. Many of our department of defense customers are migrating to low-price/technically acceptable procurements while leveraging commercial software standards, applications, and solutions.

Backlog

The value of existing Government contracts at December 31, 2016, net of amounts relating to work performed to that date, was approximately $126.0 million, of which $36.4 million was funded. The value of existing Government contracts at December 31, 2015, net of amounts relating to work performed to that date, was approximately $101.2 million, of which $48.4 million was funded. Funded amounts represent those amounts committed under contract by Government agencies and prime contractors. The December 31, 2016 Government contract backlog of $126.0 million represents firm, existing contracts. Of this backlog amount, approximately $55.4 million is expected to be completed in calendar year 2017, as funding is committed.

Intellectual Property and Other Rights

We develop a substantial amount of our products internally as original developments, discoveries and know-how or based on existing copyrighted works and/or patents issued or pending of PAR or third party licensors. We have a number of U.S. and foreign patents and patents pending and trademarks, as well as copyrights that relate to internally developed software, various distinctive characteristics of our products, including certain attributes, functionality, and brand association and goodwill. In addition to our publicly available intellectual property, we possess competitive confidential information and trade secrets. We protect our intellectual property and other proprietary information by actively pursuing U.S. and foreign patent and trademark protection of our proprietary product developments, discoveries and know-how and our brands and logos, and by entering into license agreements and non-disclosure and confidentiality agreements.

Employees

As of December 31, 2016, we employed approximately 1,002 full-time employees, including approximately 56% in our Restaurant/Retail segment, 38% in our Government segment (27% of which are covered by collective bargaining agreements), and 6% who are corporate employees. We consider our relationship with our employees to be good.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available, free of charge, on our website at www.partech.com "About Us - Investors, SEC Filings", as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission ("SEC"). The information posted on or accessible through our website is not incorporated into this Annual Report on Form 10-K.

Item 1A **Risk Factors**.

Our business is subject to certain risks and uncertainties, each of which could materially and adversely affect our business, financial condition, results of operations, cash flows and the trading price of our common stock.

Our yearly results of operations may fluctuate significantly due to the timing of our revenue recognition and our ability to accurately forecast sales, including subscription software sales and renewals.

Our revenues and other results of operations have fluctuated from quarter to quarter in the past and could continue to fluctuate in the future as our business model continues to evolve from hardware and related services to a management technology solutions provider, including offering and delivering our software as a service – SaaS. As revenues from our cloud offerings increase, we may experience volatility in our reported revenues and operating results due to the differences in timing of revenue recognition between our SaaS offerings and our traditional on-premises software and hardware sales. The SaaS delivery model is subscription based; accordingly, SaaS revenues are generally recognized ratably over the life of the subscription. In contrast, revenue from our on-premises software and hardware sales is generally recognized in full at the time of delivery. Accordingly, the SaaS business model creates certain risks related to the timing of revenue recognition not associated with our traditional on-premises delivery model. A portion of our quarterly SaaS based revenue results from the recognition of deferred revenue relating to subscription agreements entered into during previous quarters. A decline in new or renewed subscriptions in any period may not be immediately reflected in our reported financial results for that period, but may result in a decline in our revenue in future quarters. If any of our assumptions about revenue from our SaaS business model prove incorrect, our actual results may vary materially from those anticipated, estimated or projected.

If our technical and maintenance support services are not satisfactory to our customers, they may not renew their services agreements or buy future products, which could adversely affect our future results of operations, financial condition, and cash flows.

Our business relies on our customers' satisfaction with the technical and maintenance support services we provide to support our products. If we fail to provide technical and maintenance support services that are responsive, satisfy our customers' expectations and resolve issues that they encounter with our products, then they may not purchase additional products or services from us in the future.

If we are unable to recruit and retain qualified employees, our business may be harmed.

Much of our future success depends on hiring qualified employees and the continued service of our senior management. Experienced personnel in the management technology industry are in high demand and competition for their talents is intense in the skill-set we require. Moreover, we believe that a critical contributor to our success is our corporate culture and values. We must not only successfully attract and retain qualified business, technical, product development and other employees that contribute to our business, we must attract and retain qualified employees who embrace and reflect our culture and values. Our failure to do so, could adversely affect our ability to innovate, to rapidly and effectively change and introduce new products, and to provide timely and effective installation, technical and maintenance support services, and our financial condition and results of operations may suffer.

The price of our common stock may be negatively impacted by factors that are unrelated to our actual operating performance.

The trading price of our common stock could be impacted by a number of factors, many of which are outside our control. Although our stock has been listed on NYSE for many years, trading in our stock does not generally occur in high volumes and the market for our stock cannot always be characterized as active. Thin trading in our stock may exaggerate fluctuations in the stock's value, leading to price volatility in excess of that which would occur in a more active trading market. In addition, the stock market in general is subject to fluctuations that affect the share prices and trading volumes of many companies, and these broad market fluctuations could adversely affect the market price of our common stock. Factors that could affect our common stock price in the future include but are not necessarily limited to the following:

- actual or anticipated fluctuations in our operating results and financial condition;
- the performance and prospects of our major customers;
- fluctuations in the trading volume of our common stock;
- the concentrated beneficial ownership of our common stock by our founder, Dr. John W. Sammon;
- actual or anticipated regulatory action against us;
- the lack of earnings guidance and securities analysts following us;
- investor perception of us and the industries in which we operate;
- uncertainty regarding domestic and international political conditions, including tax policies; and
- uncertainty regarding the prospects of domestic and foreign economies.

Two customers account for a significant portion of our revenues. The loss of one of these customers, or a significant reduction, delay, or cancellation of purchases by one of these customers would materially adversely affect our business, financial condition, and results of operations.

Revenues from our Restaurant/Retail segment constituted 65% and 62% of our total consolidated revenues for 2016 and 2015, respectively; and, aggregate sales to our two largest customers, which include sales to these two customers' respective franchisees - McDonald's Corporation and Yum! Brands, Inc., which consists of the Kentucky Fried Chicken, Taco Bell and Pizza Hut brands – constituted 25% (McDonald's) and 11% (Yum!) and 19% (McDonald's) and 10% (Yum!) of total consolidated revenues for 2016 and 2015, respectively. There were no other customers that comprised greater than 10% of our total consolidated revenues during these years. A loss of McDonald's or Yum! Brands as a customer, or a significant reduction, delay, or cancellation of orders by one of these customers would reduce our revenue and operating income and would materially and adversely affect our business, operating results and financial condition.

We face extensive competition in our markets, and our failure to compete effectively could result in price reductions and/or decreased demand for our products.

The markets for our POS software and hardware products are characterized by rapid technological advances, intense competition among existing and emerging competitors, evolving industry standards, emerging business, distribution and support models, disruptive technology developments, and frequent new product introductions.

While we think our POS software and hardware products offer competitive, innovative features and functionality, any one of these factors could create downward pressure on pricing and gross margins and could adversely affect sales to our existing customers, as well as our ability to attract and sell to new customers. Our future success will depend on our ability to anticipate and identify changes in customer needs and/or relevant technologies and to rapidly and effectively change and improve our products in response, including changes in operating systems, application software and computer and communications hardware, with which our products interoperate or their performance and functionality are otherwise affected. If we fail to anticipate and/or identify changes in customer needs and/or emerging relevant technological trends, our business, results of operations and financial conditions could suffer. Additionally, any delay in the development, marketing, or launch of new products or enhancements to our existing products could result in customer attrition or impede our ability to attract new customers, causing a decline in our revenue, earnings or stock price and weakening our competitive position.

Our government contracting business has been focused on niche offerings, reflecting our expertise, primarily in the areas of Intelligence, Surveillance and Reconnaissance, systems engineering & evaluation, satellite and telecommunications services and management technology/systems services. Many of our competitors in the Government segment are larger and have substantially greater financial resources and broader capabilities in management technology. We also compete with smaller companies, many of which are designated by the government for preferential "set aside" treatment, that target particular segments of the government market and may have superior capabilities in a particular segment. These companies may be better positioned to obtain contracts through competitive proposals. Consequently, there are no assurances we will continue to win government contracts as a prime contractor or subcontractor, and our failure to do so, would reduce our revenue and operating income and could adversely affect our business, operating results and financial condition.

The consequence of our internal investigations could have a material adverse effect on our business and could subject us to regulatory scrutiny.

Under the oversight of our Audit Committee, in the first quarter of 2016, we conducted an internal investigation of our former chief financial officer's unauthorized investment activities and, we are currently conducting an internal investigation to determine whether certain import/export and sales documentation activities at our China and Singapore offices were improper and in possible violation of the U.S. Foreign Corrupt Practices Act, or FCPA, and other applicable laws, and certain of our policies, including our Code of Business Conduct and Ethics.

We voluntarily notified the SEC of our investigation (and our findings and conclusions) of our former chief financial officer; and, we have voluntarily notified the SEC and the U.S. Department of Justice, or DOJ, of our investigation of the activities concerning China and Singapore, and we are fully cooperating with these agencies. If the SEC, DOJ, or other governmental agencies (including foreign governmental agencies) were to determine that violations of certain laws or regulations occurred, then we could be exposed to a broad range of civil and criminal sanctions, including injunctive relief, disgorgement, fines, penalties, modifications to our business practices, including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee our future compliance. While we are currently unable to predict what actions the SEC, DOJ, or other governmental agencies (including foreign governmental agencies) might take, or what the likely outcome of any such actions might be, or estimate the range of reasonably possible fines or penalties, such actions, fines and/or penalties could be material, resulting in a material adverse effect on our business, prospects, reputation, financial condition, liquidity, results of operations or cash flows. Even if an inquiry or investigation does not result in an adverse determination, our business, prospects, reputation, financial condition, liquidity, results of operations or cash flows could still be adversely impacted.

If we fail to correct the identified material weaknesses, and maintain appropriate internal controls, our business, results of operations and financial condition could be adversely affected.

As described in "Item 9A - Controls and Procedures" of this Annual Report during the third quarter of 2016, we identified material weaknesses in our internal control over financial reporting. We previously disclosed identified material weaknesses in our hiring and treasury procedures, which have been remedied. If we fail to correct our current material weaknesses; or, if we are unable to maintain appropriate internal controls in the future, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC could be adversely affected, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. Any such consequence or other negative effect could adversely affect our business, results of operations and financial condition.

We are subject to risks associated with compliance with international laws and regulations which may harm our business

Although only 8% for 2016 and 14% for 2015 of our total consolidated revenues were derived from sales outside of the U.S., we have operations across the globe, and our international operations subject us to a variety of risks and challenges, including:

- compliance with foreign laws and regulations, including the FCPA, the U.K. Bribery Act of 2010, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our software and hardware in certain foreign markets, and the risks and costs of non-compliance with such laws and regulations, including fines, penalties, criminal sanctions against us, our officers or employees, prohibitions on the conduct of our business and damage to our reputation;

- increased risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of financial statements and irregularities in financial statements;

- reduced protection of our intellectual property rights in certain countries and practical difficulties and costs of enforcing rights abroad;

- compliance with the laws of numerous foreign taxing jurisdictions and overlapping of different tax regimes;

- uncertainty around a potential reverse or renegotiation of international trade agreements and partnerships under President Donald J. Trump's administration;

- sales and customer service challenges associated with operating in different countries;

- difficulties in receiving payments from different geographies, including difficulties associated with currency fluctuations, payment cycles, transfer of funds or collecting accounts receivable, especially in emerging markets;

- variations in economic or political conditions between each country or region;

- economic uncertainty around the world and adverse effects arising from economic interdependencies across countries and regions;

- uncertainty around how the United Kingdom's recent decision to exit the European Union ("Brexit") will impact its access to the European Union Single Market, the related regulatory environment, the global economy, and the resulting impact on our business; and

- increased infrastructure and legal compliance costs.

A portion of Government segment revenue is derived from U.S. government contracts, which contain provisions unique to public sector customers, including the U.S. government's right to modify or terminate these contracts at any time.

In 2016 and 2015 we derived 35% and 38%, respectively, of our total consolidated revenues from contracts to provide technical expertise to government organizations and prime contractors. In any given year, the majority of our government contracting activity is associated with the U.S. Department of Defense. Contracts with the U.S. government typically provide that such contracts are terminable, in whole or in part, at the convenience of the U.S. government. If the U.S. government terminates a contract on this basis, we would be entitled to receive payment for our allowable costs and, in general, a proportionate share of our fee or profit for work actually performed. Most U.S. government contracts are also subject to modification or termination in the event of changes in funding. As such, we may perform work prior to formal authorization, or the contract prices may be adjusted for changes in scope of work. Termination or modification of a substantial number of our U.S. government contracts could have a material adverse effect on our business, financial condition, and results of operations.

We perform work for various U.S. government agencies and departments pursuant to fixed-price, cost-plus fixed fee and time-and-material prime contracts and subcontracts. Approximately 55% of revenues derived from government contracts for the year ended December 31, 2016, was based on fixed-price or time-and- material contracts, and the balance (approximately 45% of total government revenues) was based on cost-plus fixed fee contracts. Most of our contracts are for one-year to five-year terms.

While fixed-price contracts allow us to benefit from cost savings, they also expose us to the risk of cost overruns. If the initial estimates we use for calculating the contract price are incorrect, we can incur losses on those contracts. In addition, some of our governmental contracts have provisions relating to cost controls, and audit rights and if we fail to meet the terms specified in those contracts, then we may not realize the full benefit of the contracts. Lower earnings caused by cost overruns would have an adverse effect on our financial results.

Under time-and-materials contracts, we are paid for labor at negotiated hourly billing rates and for certain expenses. Under cost-plus fixed fee contracts, we are reimbursed for allowable costs and paid a fixed fee. If our costs under either of these types of contracts were to exceed the contract ceiling, or are not allowable under the provisions of the contract or applicable regulations, we may not be reimbursed for 100% of our associated costs. Our inability to control our costs under either a time-and-materials contract or a cost-plus fixed fee contract could have a material adverse effect on our financial condition and operating results. Cost over-runs also may adversely affect our ability to sustain existing programs and obtain future contract awards.

A portion of our total assets consists of goodwill and identifiable and intangible assets, which are subject to a periodic impairment analysis, a significant impairment determination in any future period could have an adverse effect on our results of operations, even without a significant loss of our revenue or increase in cash expenses attributable to such period.

Our goodwill was approximately $11.1 million at December 31, 2016 and December 31, 2015, and our intangibles were $11.0 million at December 31, 2016 and $10.9 million at December 31, 2015. Identifiable intangible assets were, primarily a result of business acquisitions and internally developed capitalized software. We test our goodwill and identifiable intangible assets for impairment annually or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We describe the impairment testing process and results of this testing more thoroughly in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies." If we determine an impairment has occurred at any point in time, we will be required to reduce goodwill or identifiable intangible assets on our balance sheet. Additional information about our impairment testing is contained in Note 1 – Summary of Significant Accounting Policies - of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Annual Report).

Item 1B. **Unresolved Staff Comments**.

We do not have any unresolved comments from the SEC staff.

Item 2. **Properties**.

Our corporate headquarters is located at PAR Technology Park, 8383 Seneca Turnpike, New Hartford, New York. We own our corporate headquarters – both the building and land. We lease all our other properties for varying terms. We believe our existing properties, both owned and leased, are in good condition and are suitable for the conduct of our business for the foreseeable future.

The following table sets forth the location, the operating segment (if applicable) that uses and the use of each of our principal properties and each properties' approximate square footage:

Location	Operating Segment	Use	Approximate Square Footage
New Hartford, NY	Corporate/ Restaurant / Retail	Corporate headquarters, assembly, research and development laboratories, sales, service, wellness, and computing facilities	216,800
Rome, NY	Government	Research, product development, sales	30,800
Sydney, Australia	Restaurant / Retail	Sales and service	14,400
Boca Raton, FL	Restaurant / Retail	Research and product development	11,470
Markham, Ontario	Restaurant / Retail	Research and product development	11,100
Boulder, CO	Restaurant / Retail	Service	10,700

In addition to the properties identified above, we have leasehold interests in small office spaces located in San Diego, California (use: research, product development, sales and administration) and Shanghai, China; Singapore; Staines, United Kingdom; Dubai, United Arab Emirates; and Paris, France (use: sales and administration).

Item 3. **Legal Proceedings**.

We are not currently a party to any material litigation.

See Note 10 – Contingencies - of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Annual Report) for information regarding legal proceedings arising in the ordinary course of our business, and a discussion about our current internal investigation into import/export and sales documentation activities at our China and Singapore offices, and the civil and criminal sanctions available to the SEC, DOJ, and other governmental agencies (including foreign governmental agencies).

Item 4: **Mine Safety Disclosures**

Not Applicable.

PART II

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

Our common stock is listed on the New York Stock Exchange under the symbol "PAR". On March 28, 2017, there were 411 holders of record of our common stock. The following table sets forth, for the periods indicated, the high and low sales prices for our common stock as reported by the New York Stock Exchange:

	2016		2015	
	High	Low	High	Low
First Quarter	$6.63	$5.04	$6.04	$4.03
Second Quarter	6.86	4.35	4.98	3.80
Third Quarter	5.52	4.83	5.29	4.11
Fourth Quarter	5.58	4.71	7.39	5.12

We have never declared or paid cash dividends on our common stock. We currently intend to retain any future earnings for use in the operation of our business and do not intend to declare or pay any cash dividends in the foreseeable future. Any further determination to pay dividends on our common stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors considers relevant.

Under our equity incentive plans, in consideration for grants of performance vesting restricted stock, recipients must pay PAR par value for each share granted; if the performance vesting requirements are not satisfied, PAR repurchases the forfeited shares at par value. In addition, employees may elect to have us withhold shares to satisfy minimum statutory federal, state and local tax withholding obligations arising from the vesting of restricted stock. When we withhold these shares, we are required to remit to the appropriate taxing authorities the market price of the shares withheld, which could be deemed a purchase of shares by us on the date of withholding.

Item 6. **Selected Financial Data**.

Not Required.

Item 7. **Management's Discussion and Analysis of Financial Condition and Results of Operations**.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the Notes thereto included under Part IV, Item 15 of this Annual Report. See also, "Forward-Looking Statements" in this Annual Report.

Overview

PAR's management technology solutions for the Restaurant/Retail segment features cloud and on-premise software applications, hardware platforms, and related installation, technical, and maintenance support services tailored for the needs of restaurants and retailers. Our Government segment provides technical expertise in contract development of advanced systems and software solutions for the U.S. Department of Defense and other federal agencies, as well as management technology and communications support services to the U.S. Department of Defense.

Our products sold in the Restaurant/Retail segment are utilized in a wide range of applications by customers worldwide. We face competition across all categories in the Restaurant/Retail segment in which we compete based on product design, innovative features and functionality, quality and reliability, price, customer service, and delivery capability. Our strategy is to provide complete integrated management technology solutions, supported by industry leading customer service. Our research and development efforts are focused on timely identifying changes in customer needs and/or relevant technologies, to rapidly and effectively develop innovative new products and enhancements to our existing products that meet and exceed customer requirements.

Our strategy is to expand our Restaurant/Retail business by continuing to invest in our existing products - Brink and SureCheck - including the development of enhancements to our existing software applications and hardware platforms and the development of new and innovative cloud based software applications. To support the growth of our products, we continue to expand our direct sales force and third-party channel partners.

Currently, PAR's primary market is the quick serve restaurant category and hardware sales to tier 1 customers in that category. Our strategy continues to focus on growth of our software offerings, including our cloud software as a service (SaaS) and related hardware and support services, consistent with our strategy to expand our product offerings beyond restaurant and retail markets. As we implement our strategies, we continuously monitor the trends in the markets we currently operate and the markets we intend to operate in the future. We know POS hardware is becoming a commodity, as more POS devices (tablets, kiosks and bring your own device) are introduced, competition will increase, driven by pricing, scalability, functionality, and economies of scale, resulting in smaller margins. Our strategy acknowledges this trend, and we intend to grow our recurring revenues from software contracts, specifically SaaS, reducing the impact of this eventual commoditization of POS hardware.

The strategy for our PAR Government segment is to build on our sustained outstanding performance of existing service contracts, coupled with investments in enhanced business development capabilities. We believe we are well positioned to realize continued renewals of expiring contracts and extensions of existing contracts, and secure service and solution contracts in expanded areas within the U.S. Department of Defense and other federal agencies. We believe our highly relevant technical competencies, intellectual property, and investments in new technologies provide opportunities to offer systems integration, products, and highly-specialized service solutions to the U.S. Department of Defense and other federal agencies. The general uncertainty in U.S. defense total workforce policies (military, civilian, and contract), procurement cycles, and spending levels for the next several years are factors we monitor as we develop and implement our business strategy for the PAR Government segment.

Results of Operations — 2016 Compared to 2015

During the year ended December 31, 2015, we sold substantially all of the assets of our hotel/spa technology business operated under PAR Springer-Miller Systems, Inc. ("PSMS"). See Note 2 – Divestiture and Discontinued Operations - of the Notes to Consolidated Financial Statements for further discussion, including the terms of the transaction.

We reported revenues of $229.7 million for the year ended December 31, 2016, flat from the $229.0 million reported for the year ended December 31, 2015. Revenues from our Restaurant/Retail segment of $149.3 million for the year ended December 31,2016, increased 5.8%, compared to $141.2 million reported for the year ended December 31, 2015. PAR's Government segment reported revenues of $80.3 million for the year ended December 31, 2016, a decrease of 8.6% from $87.9 million reported for the year ended December 31, 2015. We reported net income from continuing operations of $2.5 million or $0.16 per diluted share for the year ended December 31, 2016 versus $4.0 million or $0.26 per diluted share for the same period in 2015. For 2016 and 2015, we reported a net loss from discontinued operations of $0.7 million or $0.05 loss per share versus a loss of $4.9 million or $0.32 loss per share, respectively.

Product revenues were $100.3 million for the year ended December 31, 2016, an increase of 6.2% from $94.4 million recorded in 2015. This increase was primarily driven by higher revenues generated from hardware attachments associated with Brink deployments and hardware sold to global tier 1 accounts. Offsetting the increase was a decrease in revenues driven by our global channel partners.

Service revenues were $49.1 million for the year ended December 31, 2016, an increase of 5.0% from $46.8 million reported for the same period in 2015. The increase is attributable to the diversification of our revenue base, with higher recurring revenue from our software contracts; specifically, software sold as a service, SaaS, and other revenue streams generated from post contract support ("PCS") offerings.

Contract revenues were $80.3 million for the year ended December 31, 2016, compared to $87.9 million reported for the same period in 2015, a decrease of 8.6%. This decrease was driven by lower volume within our PMO services contracts, offset by an increase in value-added revenue on our Intelligence, Surveillance, and Reconnaissance (ISR), contracts.

Product margins for the year ended December 31, 2016, were 26.2%, a decrease from 27.7% for the same period in 2015. Overall, product margin decreased primarily due to unfavorable product mix, as a result of higher than anticipated project work from tier 1 customers, and lower sales of higher margin perpetual software licenses.

Service margins were 27.4% for the year ended December 31, 2016, a decrease from 27.5% recorded for the same period in 2015. The decrease was primarily due to an increase in costs to support our hardware support contracts, and $0.5 million was due to accelerated amortization related to discontinued development of a software module. Offsetting these increases was a favorable product mix with a higher content of software sold as SaaS and other software related revenues.

Contract margins were 8.1% for the year ended December 31, 2016, compared to 6.8% for the same period in 2015. This increase was due to a more profitable contract mix, associated with higher margin on value-added revenues.

Selling, general and administrative expenses were $31.4 million for the year ending December 31, 2016, compared to $27.3 million for the year ended December 31, 2015. The increase is primarily attributable to $1.5 million of expenses related to the investigation of our former chief financial officer's unauthorized transfers of funds, $1.3 million of expenses related to our internal investigation of conduct at our China and Singapore offices, a write-off of $0.8 million relating to our human capital management system, and $0.6 million of expenses related to the implementation of the initial phase of our new enterprise resource system.

Research and development expenses were $11.6 million for the year ended December 31, 2016, compared to $10.1 million recorded for the same period in 2015. This increase was primarily related to increased software development costs for products within the Restaurant/Retail segment, primarily R&D associated with the Company's Brink and SureCheck software applications.

During the year ended December 31, 2016, we recorded $1.0 million of amortization expense associated with acquired identifiable intangible assets in connection with our acquisition of Brink, which closed on September 18, 2014. We recorded $1.0 million of amortization expense associated with these assets for the year ended December 31, 2015.

Other income, net, was $1.3 million for the year ended December 31, 2016 compared to other expense, net of $0.8 million for the same period in 2015. Other income/expense primarily includes fair value adjustments on contingent consideration, rental income, net of applicable expenses, foreign currency fair value adjustments, fair market value fluctuations of our deferred compensation plan and other non-operating income/expense. The primary drivers of the increase in other income, net, relates to a $1.1 million decrease of contingent consideration liability related to our acquisition of Brink in the third quarter 2014 and an insurance recovery of $0.8 million relating to our former chief financial officer's unauthorized transfers of funds.

Interest income (expense), net, represents accreted increased from the note receivable related to the sale of PSMS and interest charged on our short-term borrowings and from long-term debt. Interest income was $0.1 million for the year ended December 31, 2016, as compared to an interest expense of $0.3 million for the same period in 2015. This increase is associated with the accreted interest income of $0.2 million related to the note receivable in connection with the sale of PSMS and lower interest expense as compared to 2015, which is due to lower outstanding borrowings on the line of credit.

For the year ended December 31, 2016, our effective income tax rate was an expense of 31.4%, compared to an expense of 27.2% in 2015. The variances from the federal statutory rate for 2016 were due to the mix of taxable income from the Company's domestic and foreign jurisdictions, which is consistent with the variance in 2015.

Liquidity and Capital Resources

The Company's primary sources of liquidity have been cash flow from operations and a line of credit with its bank. Cash generated from operating activities from continuing operations was $11.4 million for the year ended December 31, 2016, compared to cash generated of $2.6 million for the same period in 2015.

For the year ended December 31, 2016, cash provided by continuing operations was $11.4 million, due to our operating results, plus the add-back of non-cash charges and changes in working capital. Net changes in operating assets and liabilities was $3.0 million primarily as a result of customer deposits, offset by an increase in inventory. In 2015, cash provided by continuing operations was $2.6 million, cash was generated from our operating results plus the add-back of non-cash expenses and a reduction of inventory. Offsetting significant operating cash flow components include a decrease in accounts payable primarily due to the timing of vendor payments and a decrease in customer deposits associated with our Restaurant/Retail segment.

Cash used in investing activities from continuing operations was $7.1 million for the year ended December 31, 2016 versus $7.5 million provided by investing activities for the year ended December 31, 2015. In 2016, capital expenditures of $3.4 million were primarily for PAR's new ERP system and capital improvements made to our owned and leased properties. Capitalized software was $2.7 million and was associated with investments in Restaurant/Retail software platforms. In 2015, we received cash proceeds of $12.1 million related to the sale of the PSMS business. This was offset by a $0.8 million write-off related to our former chief financial officer's unauthorized transfers of Company's funds. Capital expenditures of $1.7 million were primarily related to capital improvements to leased properties as well as purchases of computer equipment associated with our software support service offerings. Capitalized software was $2.1 million and was used for investments in many of our Restaurant/Retail software platforms.

Cash used in financing activities from continuing operations was $2.2 million for the year ended December 31, 2016 versus $7.7 million for the year ended December 31, 2015. In 2016, we paid the third installment associated with our purchase of Brink of $2.0 million, in addition to payments on long-term debt of $0.2 million, and proceeds from stock activity of $27,000. In 2015, the Company decreased borrowings on its credit facility by $5.0 million, net and decreased borrowings on its long-term debt by $0.2 million, and benefited $0.5 million from the exercise of employee stock options. Additionally, the second installment payment associated with our acquisition of Brink accounted for approximately $3.0 million of the cash used in financing activities during 2015.

On November 29, 2016, the Company, together with certain of its U.S. subsidiaries, as "Loan Guarantors" (together with the Company, the "Loan Parties") entered into a Credit Agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as the "Lender". The Credit Agreement provides for revolving loans in an aggregate principal amount of up to $15.0 million to be made available to the Company; availability at any time being equal to the lesser of (i) $15.0 million and (ii) a borrowing base (equal to the sum of 80% eligible accounts, 50% eligible raw materials inventory and 35% eligible finished goods inventory, with no more than 50% of total eligible inventory included in the borrowing base), less the aggregate principal amount outstanding (the "Credit Facility"). Interest accrues on outstanding principal balances at an applicable rate per annum determined, as of the end of each fiscal quarter, by reference to the CBFR Spread or the Eurodollar Spread based on the Company's consolidated indebtedness ratio as at the determination date. The Credit Facility replaces the Company's asset-based credit agreement dated September

9, 2014 with JPMorgan Chase, N.A. (the "2014 ABL Credit Agreement") and a portion of the proceeds of the Credit Facility were used to pay-off all indebtedness outstanding under the 2014 ABL Credit Agreement.

The Credit Facility matures three (3) years from the date of the Credit Agreement and is guaranteed by the Loan Guarantors. The Credit Facility is secured by substantially all of the assets of the Company and of the other Loan Parties; provided, that the Credit Facility is not secured by any liens on more than 65% of the voting stock of the Company's foreign subsidiaries. The Credit Agreement contains representations and warranties and affirmative and negative covenants that are usual and customary, including representations, warranties and covenants that, among other things, restrict the ability of the Company and its subsidiaries to incur additional indebtedness, incur or permit to exist liens on assets, make investments, loans, advances, guarantees and acquisitions, consolidate or merge with or into any other company, engage in asset sales and pay dividends and make distributions. The Credit Agreement requires that the Company's consolidated indebtedness ratio at the end of each of its fiscal quarters to be greater than 3.0 to 1.0 and maintain a fixed charge coverage ratio of not less than 1.15 to 1.0 for the Company's fiscal quarter ended December 31, 2016 (to be tested only in the event the Company's total consolidated indebtedness equaled or exceeded $5 million at the end of such fiscal quarter) and 1.25 to 1.0 for the quarter ending March 31, 2017 and each quarter thereafter. Obligations under the Credit Agreement may be accelerated upon certain customary events of default (subject to grace periods, as appropriate), including among others: nonpayment of principal, interest or fees; breach of the affirmative or negative covenants; breach of the representations or warranties in any material respect; event of default under, or acceleration of, other material indebtedness; bankruptcy or insolvency; material judgments entered against the Company or any of its subsidiaries; invalidity or unenforceability of any collateral documentation associated with the Credit Facility; and a change of control of the Company. We were in compliance with these covenants as of December 31, 2016.

On December 31, 2016, the applicable rate under the Credit Facility was 3.25% plus the CBFR Spread or LIBOR plus the Eurodollar Spread based on the Company's consolidated indebtedness ratio. There were no outstanding balances under the Credit Facility as of December 31, 2016, as such we had borrowing availability of up to $15.0 million.

In addition to the Credit Facility, the Company has a mortgage loan, collateralized by certain real estate, with a balance of $0.6 million and $0.7 million as of December 31, 2016 and 2015, respectively. This mortgage matures on November 1, 2019. Interest is fixed at 4.00% through maturity. The annual mortgage payment, including interest through November 1, 2019, is $0.2 million.

In connection with our acquisition of Brink on September 18, 2014, we recorded indebtedness to Brink's former owners under the stock purchase agreement. As of December 31, 2016 and 2015, the principal balance of the note payable was zero and $2.0 million, respectively, and it had a carrying value of zero and $1.9 million, respectively. The carrying value was based on the note's estimated fair value at the time of the acquisition. The note does not bear interest, and repayment terms are $3.0 million, which was paid on the first anniversary of close, September 18, 2015, and $2.0 million payable on the second anniversary of close, which was paid in September 2016.

We expect our operating cash flows and available capacity under our Credit Facility will be sufficient to meet our operating needs for the next 12 months. Our actual cash needs will depend on many factors, including our rate of revenue growth, including growth of our SaaS revenues, the timing and extent of spending to support our product development efforts, the timing of introductions of new products and enhancements to existing products, market acceptance of our products, and potential fines and penalties that, while currently inestimable, could be material (see Item 1A – "Risk Factors" for further discussion about the potential adverse effect of such fines and penalties on our business). If we are required or otherwise elect to seek additional funding, we cannot be certain that such additional funding will be available on terms and conditions acceptable to us, if at all.

Our future principal payments under our mortgage and operating leases are as follows (in thousands):

	Total	Less Than 1 Year	1-3 Years	3 - 5 Years	More than 5 Years
Debt obligations	$ 566	$ 187	$ 379	$ -	$ -
Operating lease	4,403	1,360	2,004	536	503
Total	$ 4,969	$ 1,547	$ 2,383	$ 536	$ 503

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements are based on the application of U.S. generally accepted accounting principles ("GAAP"). GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently applied. Valuations based on estimates are reviewed for reasonableness and adequacy on a consistent basis. Primary areas where financial information is subject to the use of estimates, assumptions and the application of judgment include revenue recognition, accounts receivable, inventories, accounting for business combinations, contingent consideration, goodwill and intangible assets, and taxes.

Revenue Recognition Policy

Restaurant/Retail Contracts

Our Restaurant/Retail segment's revenues consist of sales of our standard POS system to the Restaurant/Retail segment. We derive revenue from the following sources: (1) hardware sales, (2) software license agreements, including perpetual licenses and software as a service, SaaS, (3) professional services, (4) hosting services and (5) post-contract customer support ("PCS").

We recognize revenue when all four revenue recognition criteria have been met: persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collection is reasonably assured. Determining whether and when some of these criteria have been satisfied often involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report.

Hardware

Revenue recognition on hardware sales occurs upon delivery to the customer site (or when shipped for systems that are not installed by us) when persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectability is reasonably assured.

Software

Revenue recognition on software sales generally occurs upon delivery to the customer, when persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectability is reasonably assured. For software sales sold as a perpetual license, typically our Pixel software offering, where we are the sole party that has the proprietary knowledge to install the software, revenue is recognized upon installation and when the system is ready to go live.

Service

Service revenue consists of installation and training services, field and depot repair, subscription software products, associated software maintenance, and software related hosted services. Installation and training service revenue are based upon standard hourly/daily rates as well as contracted prices with the customer, and revenue is recognized as the services are performed. Support maintenance and field and depot repair are provided to customers either on a time and materials basis or under a maintenance contract. Services provided on a time and materials basis are recognized as the services are performed. Service revenues from maintenance contracts are recorded as deferred revenue when billed to and collected from the customer and are recognized ratably over the underlying contract period. Software sold as a service with our Brink and SureCheck software offerings, is recorded as deferred revenue when billed and collected and recognized ratably over the contract term.

We frequently enter into multiple-element arrangements with our customers including hardware, software, professional consulting services and maintenance support services. For arrangements involving multiple deliverables, when deliverables include software and non-software products and services, we evaluate and separate each deliverable to determine whether it represents a separate unit of accounting based on the following criteria: (a) the delivered item has value to the customer on a stand-alone basis; and (b) if the contract includes a general right of return relative to the delivered item, delivery or performance of the undelivered items is considered probable and substantially in our control.

Multiple element arrangements which include hardware, service, and software offerings are separated based upon the stand-alone selling price for each individual hardware, service, or software sold in the arrangement irrespective of the combination of products and services which are included in a particular arrangement. As such, overall consideration is allocated to each unit of accounting based on the unit's relative selling prices. In such circumstances, we use a hierarchy to determine the selling price to be used for allocating revenue to each deliverable: (i) vendor-specific objective evidence of selling price (VSOE), (ii) third-party evidence of selling price (TPE), and (iii) best estimate of selling price (BESP). VSOE generally exists only when we sell the deliverable separately and is the price actually charged by us for that deliverable. We use BESP to allocate revenue when we are unable to establish VSOE or TPE of selling price. BESP is primarily used for elements such as products that are not consistently priced within a narrow range. We determine BESP for a deliverable by considering multiple factors including product and customer class, geography, average discount, and management's historical pricing practices. Amounts allocated to the delivered hardware and software elements are recognized at the time of sale provided the other conditions for revenue recognition have been met. Amounts allocated to the undelivered maintenance and other services elements are recognized as the services are provided or on a straight-line basis over the service period. In certain instances, customer acceptance is required prior to the passage of title and risk of loss of the delivered products. In such cases, revenue is not recognized until the customer acceptance is obtained. Delivery and acceptance generally occur in the same

reporting period.

Software elements, generally software PCS, and professional services revenue are recognized in accordance with authoritative guidance on software revenue recognition. For the software and software-related elements of such transactions, revenue is allocated based on the relative fair value of each element, and fair value is determined by vender specific objective evidence, where available. If VSOE is not available for all elements, we will use the residual method to separate the elements as long as we have VSOE for the undelivered elements. If we cannot objectively determine the fair value of any undelivered element included in such multiple-element arrangements, we defer the revenue until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements.

Government Contracts

Our contract revenues generated by the Government segment result primarily from contract services performed for the U.S. Government under a variety of cost-plus fixed fee, time-and-material, and fixed-price contracts. Revenue on cost-plus fixed fee contracts is recognized based on allowable costs for labor hours delivered, as well as other allowable costs plus the applicable fee. Revenue on time and material contracts is recognized by multiplying the number of direct labor hours delivered in the performance of the contract by the contract billing rates and adding other direct costs as incurred. Revenue from fixed-price contracts is recognized as labor hours are delivered which approximates the straight-line basis of the life of the contract. Our obligation under these contracts is to provide labor hours to conduct research or to staff facilities with no other deliverables or performance obligations. Anticipated losses on all contracts are recorded in full when identified. Unbilled accounts receivable are stated in our consolidated financial statements at their estimated realizable value. Contract costs, including indirect expenses, are subject to audit and adjustment through negotiations between us and U.S. Government representatives.

Accounts Receivable-Allowance for Doubtful Accounts

Allowances for doubtful accounts are based on estimates of probable losses related to accounts receivable balances. The establishment of allowances requires the use of judgment and assumptions regarding probable losses on receivable balances. We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based on our historical experience and any specific customer collection issues that we have identified. Thus, if the financial condition of our customers were to deteriorate, our actual losses may exceed our estimates, and additional allowances would be required.

Inventories

Our inventory is valued at the lower of cost or market, with cost determined using the first-in, first-out ("FIFO") method. We use certain estimates and judgments and considers several factors including product demand, changes in customer requirements and changes in technology to provide for excess and obsolescence reserves to properly value inventory.

Capitalized Software Development Costs

We capitalize certain costs related to the development of computer software used in its Restaurant/Retail segment. Software development costs incurred prior to establishing technological feasibility are charged to operations and included in research and development costs. The technological feasibility of a computer software product is established when we have completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements. Software development costs incurred after establishing feasibility (as defined within ASC 985-20 for software cost related to sold as a perpetual license and ASC-350-40 for software sold as a service) are capitalized and amortized on a product-by-product basis when the product is available for general release to customers. Annual amortization, charged to cost of sales when the product is available for general release to customers, is computed using the greater of (a) the straight-line method over the remaining estimated economic life of the product, generally three to seven years or (b) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product.

Accounting for Business Combinations

We account for acquired businesses using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at their respective fair values on the date of acquisition. The fair value of the consideration paid is assigned to the underlying net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded to goodwill. Intangible assets are amortized over the expected life of the asset. Fair value determinations and useful life estimates are based on, among other factors, estimates of expected future cash flows from revenues of the intangible assets acquired, estimates of appropriate discount rates used to present value expected future cash flows, estimated useful lives of the intangible assets acquired and other factors. Although we believe the assumptions and estimates we have made have been reasonable and appropriate, they are based, in part, on historical experience, information obtained from the management of the acquired companies and future expectations. For these and other reasons, actual results may vary significantly from estimated results.

Contingent Consideration

We determine the acquisition date fair value of contingent consideration using a discounted cash flow method, with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement as defined in ASC Topic 820, Fair Value Measurement. The significant inputs in the Level 3 measurement not supported by market activity included our probability assessments of expected future cash flows related to our acquisition of Brink Software Inc. in 2014, during the contingent consideration period, appropriately discounted considering the uncertainties associated with the obligation, and calculated in accordance with the terms of the definitive agreement. The liabilities for the contingent consideration is established at the time of the acquisition and will be evaluated on a quarterly basis based on additional information as it becomes available. Any change in the fair value adjustment is recorded in the earnings of that period. During 2016, we recorded a $1.1 million adjustment to decrease the fair value of its contingent consideration related to the acquisition of Brink Software Inc., versus a $0.1 million adjustment to increase the fair value during 2015. These adjustments are reflected within other expense on the statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations. Significant increases or decreases in the inputs noted above in isolation would result in a significantly lower or higher fair value measurement.

Goodwill

We test goodwill for impairment on an annual basis on the first day of the fourth quarter, or more often if events or circumstances indicate there may be impairment. We operate in two reportable operating segments - Restaurant/Retail and Government - and goodwill is tested at this level. Goodwill is assigned to a specific operating segment at the date the goodwill is initially recorded. Once goodwill has been assigned to a specific operating segment, it no longer retains its association with a particular acquisition, and all of the activities within an operating segment, whether acquired or organically grown, are available to support the value of the goodwill.

Goodwill impairment analysis is a two-step test. The first step, used to identify potential impairment, involves comparing each operating segment's fair value to its carrying value including goodwill. If the fair value of an operating segment exceeds its carrying value, applicable goodwill is considered not to be impaired. If the carrying value exceeds fair value, there is an indication of impairment, at which time a second step would be performed to measure the amount of impairment. The second step involves calculating an implied fair value of goodwill for each operating segment for which the first step indicated impairment.

We utilize different methodologies in performing its goodwill impairment test. For both the government and restaurant operating segments, these methodologies include both an income approach, namely a discounted cash flow method, and multiple market approaches and the guideline public company method and quoted price method. The valuation methodologies and weightings used in the current year are generally consistent with those used in our past annual impairment tests.

The discounted cash flow method derives a value by determining the present value of a projected level of income stream, including a terminal value. This method involves the present value of a series of estimated future cash flows at the valuation date by the application of a discount rate, one which a prudent investor would require before making an investment in our equity. We consider this method to be most reflective of a market participant's view of fair value given the current market conditions, as it is based on our forecasted results and, therefore, established its weighting at 80% of the fair value calculation.

Key assumptions within our discounted cash flow model utilized for its annual impairment test included projected financial operating results, a long-term growth rate of 3% and discount rates ranging from 17.0% to 23.5%, depending on the operating segment. As stated above, as the discounted cash flow method derives value from the present value of a projected level of income stream, a modification to our projected operating results including changes to the long-term growth rate could impact the fair value. The present value of the cash flows is determined using a discount rate based on the capital structure and capital costs of comparable public companies, as well as company-specific risk premium, as identified by us. A change to the discount rate could impact the fair value determination.

The market approach is a generally-accepted way of determining a value indication of a business, business ownership interest, security or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities or intangible assets that have been sold. There are two methodologies considered under the market approach: the public company method and the quoted price method.

The public company method and quoted price method of appraisal are based on the premise that pricing multiples of publicly traded companies can be used as a tool to be applied in valuing closely held companies. The mechanics of the method require the use of the stock price in conjunction with other factors to create a pricing multiple that can be used, with certain adjustments, to apply against the subject's similar factor to determine an estimate of value for the subject company. We considered these methods appropriate as they provide an indication of fair value as supported by current market conditions. We established our weighting at 10% of the fair value calculation for the public company method and quoted price method for both the Restaurant/Retail and Government, operating segments.

The most critical assumption underlying the market approaches we utilized are the comparable companies utilized. Each market approach described above estimates revenue and earnings multiples based on our comparable companies. As such, a change to the comparable companies could have an impact on the fair value determination.

The amount of goodwill carried by the Restaurant/Retail and Government segments is $10.3 million and $0.7 million, respectively. The estimated fair value of the Restaurant/Retail segment exceeds its carrying value by approximately 18%. The estimated fair value of the government reporting unit is substantially in excess of its carrying value. There were no goodwill impairment charges recorded for the restaurant and government reporting units for the years ended December 31, 2016 or 2015.

During the year ended December 31, 2015, we sold substantially all of the assets of our hotel/spa technology business operated under PAR Springer-Miller Systems, Inc. ("PSMS"). The transaction closed on November 4, 2015. Accordingly, the results of operations of PSMS have been classified as discontinued operations in accordance with Accounting Standards Codification ("ASC") 205-20, Presentation of Financial Statements – Discontinued Operations. All prior period amounts have been reclassified to conform to the current period presentation. See Note 2 – Divestiture and Discontinued Operations - of the Notes to Consolidated Financial Statements for further discussion. At the time of sale, the hotel/spa reporting unit carried approximately $6.1 million of goodwill. Based on the purchase price, we recorded a $2.4 million impairment of the goodwill to write down the net assets to its fair value and we wrote-off the remaining associated goodwill.

Restaurants:

In deriving our fair value estimates, we utilized key assumptions built on the current core business adjusted to reflect anticipated revenue increases from continued investment in our next generation software. These assumptions, specifically those included within the discounted cash flow estimate, are comprised of the revenue growth rate, gross margin, operating expenses, working capital requirements, and depreciation and amortization expense.

We utilized annual revenue growth rates ranging between 3% and 23%. The high-end growth rate reflects our projected revenues resulting from the increased install base of Brink and SureCheck customers. These software platforms will expand our capabilities into new markets. We believe these estimates are reasonable given the size of the overall market which we will enter, combined with the projected market share we expect to achieve. Overall, the projected revenue growth rates ultimately trend to an estimated long term growth rate of 3%.

We utilized gross margin estimates that are reflective of increased recurring revenue from software sold as a service that will exceed historical gross margins achieved. Estimates of operating expenses, working capital requirements and depreciation and amortization expense utilized for this reporting unit are generally consistent with actual historical amounts, adjusted to reflect its continued investment and projected revenue growth from our core technology platforms. We believe utilization of actual historical results adjusted to reflect our continued investment in our products is an appropriate basis supporting the fair value of the restaurant reporting unit.

Lastly, we utilized a discount rate of approximately 23.5% for this reporting unit. This estimate was derived through a combination of current risk-free interest rate data, financial data from companies that PAR has deemed as its competitors, and was based on volatility between our historical financial projections and actual results achieved.

The current economic conditions and the continued volatility in the U.S. and in many other countries in which we operate could contribute to decreased consumer confidence and continued economic uncertainty which may adversely impact our operating performance. Although we have seen an improvement in the markets which we serve, the continued volatility in these markets could have an impact on purchases of our products, which could result in a reduction of sales, operating income and cash flows. Reductions in these results could have a material adverse impact on the underlying estimates used in deriving the fair value of our reporting units used in support of our annual goodwill impairment test or could result in a triggering event requiring a fair value re-measurement, particularly if we are unable to achieve the estimates of revenue growth indicated in the preceding paragraphs. These conditions may result in an impairment charge in future periods.

Government:

The estimated fair value of the Government reporting unit is substantially in excess of its carrying value. Consistent with prior year methodology, in deriving our fair value estimates, we have utilized key assumptions built on the current core business. These assumptions, specifically those included within the discounted cash flow estimate, are comprised of the revenue growth rate, gross margin, operating expenses, working capital requirements, and depreciation and amortization expense.

We reconciled the aggregate estimated fair value of the reporting units to the market capitalization of the consolidated Company, including a reasonable control premium noting no impairment as of December 31, 2016, or 2015 was recorded.

Deferred Taxes

We have $17.4 million of deferred tax assets that are reviewed for recoverability and valued accordingly. These assets are evaluated by using estimates of future taxable income and the impact of tax planning strategies. Valuations related to tax accruals and assets can be impacted by changes to tax codes, changes in statutory tax rates and our estimates of its future taxable income levels.

New Accounting Pronouncements Not Yet Adopted

See Note 1 – Summary of Significant Accounting Principles - of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Report) for details.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 7A. **Quantitative and Qualitative Disclosures about Market Risk.**

Not required.

Item 8. **Financial Statements**.

PAR's Consolidated Financial Statements and Notes thereto, together with the report of BDO USA, LLP, are included in Part IV, Item 15 of this Annual Report in response to this Item.

Item 9. **Changes in and Disagreements with Accountants on Accounting**

and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), which are designed to provide reasonable assurances that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer (Chief Executive Officer) and principal financial officer (Chief Financial Officer), as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2016. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2016, as a result of the material weaknesses in our internal control over financial reporting previously disclosed in our Quarterly Report on Form 10-Q filed on November 14, 2016, for the fiscal quarter ended September 30, 2016 and described below, which were not remediated as of December 31, 2016. However, it has been determined that no material adjustments, restatements or other amendments to our previously issued financial statements are required.

Our management has concluded that the material weaknesses in our internal control over financial reporting previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and identified as: insufficient pre-hiring background checks and insufficient pre-approval procedures relating to treasury transactions, have been remediated. To remediate these identified material weaknesses, we implemented a new hiring policy that requires enhanced background checks, including a credit check, for accounting and IT personnel who have access to cash or information systems involving cash, and the retention of a private investigator to conduct background checks of executive officer candidates; and we implemented new treasury policies that, among other things, require the prior approval of the Board of Directors of all investments, and outline required review and approval procedures for anticipated wire transfers, prior to wire initiation. We tested our new policies, and based on the test results, management concluded the material weaknesses have been remediated.

Management's Annual Report on Internal Control Over Financial Reporting.

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, our management concluded that our internal control over financial reporting was not effective as of December 31, 2016, due to the material weaknesses in our internal control over financial reporting discussed below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Internal Investigation; Material Weaknesses.

As previously disclosed, our Audit Committee has been overseeing an internal investigation by outside counsel into import/export and sales documentation activities at our China and Singapore offices. The investigation, with its fact finding phase substantially complete, is focused on whether certain import/export and sales documentation activities at our China and Singapore offices were improper and in possible violation of the U.S. Foreign Corrupt Practices Act, or FCPA, and other applicable laws, and certain of our policies, including our Code of Business Conduct and Ethics. Based on the investigation findings to date, we discovered that certain members of our China and Singapore staff participated in or were aware of improper activities in China and Singapore, involving the improper bypassing of applicable customs laws of various countries. Those activities included the failure to properly label items for import into various non-U.S. countries, the failure to properly document the declared value of certain items exported to various non-U.S. countries, and questionable payments made to customs officials in China without sufficient documentation to evidence or confirm the legitimacy of their purpose. The investigation also revealed that certain members of upper management knew or should have known of the questionable conduct in 2015 and early 2016, but failed to take action to prevent or correct such conduct. Our management identified material weaknesses in our internal controls with respect to oversight of our operations in China and Singapore. Such material weaknesses include:

- a control environment that did not effectively promote, maintain, or support the control consciousness of employees or a culture of adequate and prompt reporting of information internally;

- the failure to maintain sufficient monitoring activities of consistent global practices and procedures to ensure deviations are detected and corrected on a timely basis; and

- insufficient policies, procedures, and training with respect to procurement and sales activities, including insufficient documentation involving arrangements with third parties, the import/export and customs laws of international jurisdictions and the FCPA, including deficiencies in our FCPA compliance policy and training program.

Remediation Efforts to Address Material Weaknesses.

As we disclosed in our Form 10-Q for the fiscal quarter ended September 30, 2016, we developed and had begun to implement changes in our internal control over financial reporting to remediate the material weaknesses described above. Since identifying the material weaknesses in our internal controls, we have:

- made, and will continue to make, as appropriate, personnel changes;

- begun revamping, updating, and expanding PAR's Code of Business Conduct and Ethics and overall compliance policies and procedures;

- begun enhancements to the substance and regularity of our ethics and compliance training both in the U.S. and our foreign offices, including the initiation of company-wide, training of our personnel in applicable laws, rules, and regulations, to be supplemented by global training on our new compliance program once adopted;

- established regular channels of communication between senior management and local offices;

- begun to enhance our control environment with respect to sales, procurement, and reporting activities at local offices; and

- further revised and updated, and we continue to revise and update (as needed), our quarterly accounting and operations questionnaire/certifications.

In addition to the above, we are in the process of developing and implementing a comprehensive compliance program; with the assistance of special counsel to the Audit Committee, that is designed to be appropriate for us in light of our

worldwide operations, particularly in geographical areas that present the greatest challenges to regulatory compliance, focused on applicable domestic and international anti-bribery, trade control, and other laws, rules, and regulations; we are enhancing our due diligence process for third party intermediaries, which will include the assistance of an outside vendor; and we are implementing monitoring procedures, including periodic global risk assessments and compliance audits, along with other testing.

While our remediation efforts are well underway, the process requires additional time and resources to complete. We currently plan to have the new compliance program adopted and rolled out in the second fiscal quarter of 2017. Our goal is to complete remedial efforts, including the baseline global risk assessment, in their entirety by the end of the third fiscal quarter of 2017, and to begin testing of the enhanced controls immediately thereafter.

We caution that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Controls Over Financial Reporting.

In evaluating whether there were any reportable changes in our internal control over financial reporting during the quarter ended December 31, 2016, we determined that, other than the changes described above under "Remediation Efforts to Address Material Weaknesses", there were no changes in internal control over financial reporting during the quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. However, we do anticipate further changes will be implemented to remedy the material weaknesses identified above.

PART III

Item 10. **Directors, Executive Officers and Corporate Governance**.

The information required by this item will be included in our definitive proxy statement with respect to our 2017 Annual Meeting of Stockholders to be filed with the SEC and is incorporated herein by reference as it appears under the headings, "Proposal 1: Election of Directors", "Directors and Executive Officers", "Section 16(a) Beneficial Ownership Reporting Compliance", "Corporate Governance – Code of Business Conduct and Ethics" and "Corporate Governance – Committees – Audit Committee".

Item 11. **Executive Compensation**.

The information required by this item will be included in our definitive proxy statement with respect to our 2017 Annual Meeting of Stockholders to be filed with the SEC and is incorporated herein by reference as it appears under the headings, "Director Compensation" and "Executive Compensation".

Item 12. **Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**.

The information required by this item will be included in our definitive proxy statement with respect to our 2017 Annual Meeting of Stockholders to be filed with the SEC and is incorporated herein by reference as it appears under the headings, "Executive Compensation – Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management".

Item 13. **Certain Relationships and Related Transactions, and Director Independence**.

The information required by this item will be included in our definitive proxy statement with respect to our 2017 Annual Meeting of Stockholders to be filed with the SEC and is incorporated herein by reference as it appears under the headings, "Transactions with Related Persons" and "Corporate Governance – Director Independence".

Item 14. **Principal Accounting Fees and Services**.

The information required by this item will be included in our definitive proxy statement with respect to our 2017 Annual Meeting of Stockholders to be filed with the SEC and is incorporated herein by reference as it appears under the heading, "Principal Accounting Fees and Services".

PART IV

Item 15. **Exhibits and Financial Statement Schedules**

(a) Documents filed as a part of this Annual Report

1. Financial Statements:

2. Financial Statement Schedules. Schedules are omitted because they are not required under the applicable accounting regulations of the SEC.

(b) Exhibits

The information required by the Item is set forth in the Exhibit Index that follows the signature page of this Annual Report.

Item 16. **Form 10-K Summary.**

None

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
PAR Technology Corporation
New Hartford, New York

We have audited the accompanying consolidated balance sheets of PAR Technology Corporation and subsidiaries (the "Company") as of December 31, 2016, and 2015, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flow for each of the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PAR Technology Corporation and subsidiaries at December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

New York, New York
April 17, 2017

PAR TECHNOLOGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

Assets	December 31, 2016	December 31, 2015
Current assets:		
Cash and cash equivalents	$ 9,055	$ 8,024
Accounts receivable-net	30,705	29,530
Inventories-net	26,237	21,499
Note receivable	3,510	-
Income taxes receivable	261	-
Deferred income taxes	7,767	6,741
Other current assets	4,027	3,431
Assets of discontinued operations	462	377
Total current assets	82,024	69,602
Property, plant and equipment - net	7,035	5,716
Note receivable	-	4,259
Deferred income taxes	9,650	11,038
Goodwill	11,051	11,051
Intangible assets - net	10,966	10,898
Other assets	3,785	3,687
Total Assets	$ 124,511	$ 116,251
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 187	$ 2,103
Accounts payable	16,687	11,729
Accrued salaries and benefits	5,470	5,727
Accrued expenses	4,682	7,644
Customer deposits and deferred service revenue	19,814	10,819
Income taxes payable	-	279
Liabilities of discontinued operations	-	441
Total current liabilities	46,840	38,742
Long-term debt	379	566
Other long-term liabilities	7,712	8,883
Total liabilities	54,931	48,191
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock, $.02 par value, 1,000,000 shares authorized	-	-
Common stock, $.02 par value, 29,000,000 shares authorized; 17,479,454 and 17,352,838 shares issued; 15,771,345 and 15,644,729 outstanding at December 31, 2016 and December 31, 2015, respectively	350	347
Capital in excess of par value	46,203	45,753
Retained earnings	32,357	30,574
Accumulated other comprehensive loss	(3,494)	(2,778)
Treasury stock, at cost, 1,708,109 shares	(5,836)	(5,836)
Total shareholders' equity	69,580	68,060
Total Liabilities and Shareholders' Equity	$ 124,511	$ 116,251

See accompanying Notes to Consolidated Financial Statements

PAR TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year ended December 31,	
	2016	2015
Net revenues:		
Product	$ 100,271	$ 94,397
Service	49,070	46,754
Contract	80,312	87,852
	229,653	229,003
Costs of sales:		
Product	73,976	68,223
Service	35,647	33,875
Contract	73,830	81,848
	183,453	183,946
Gross margin	46,200	45,057
Operating expenses:		
Selling, general and administrative	31,440	27,374
Research and development	11,581	10,067
Amortization of identifiable intangible assets	966	987
	43,987	38,428
Operating income from continuing operations	2,213	6,629
Other income (expense), net	1,316	(800)
Interest income (expense)	121	(308)
Income from continuing operations before provision for income taxes	3,650	5,521
Provision for income taxes	(1,147)	(1,500)
Income from continuing operations	2,503	4,021
Discontinued operations		
Loss on discontinued operations (net of tax)	(720)	(4,912)
Net income (loss)	$ 1,783	$ (891)
Basic Earnings per Share:		
Income from continuing operations	0.16	0.26
Loss from discontinued operations	(0.05)	(0.32)
Net income (loss)	$ 0.11	$ (0.06)
Diluted Earnings per Share:		
Income from continuing operations	0.16	0.26
Loss from discontinued operations	(0.05)	(0.32)
Net income (loss)	$ 0.11	$ (0.06)
Weighted average shares outstanding		
Basic	15,675	15,562
Diluted	15,738	15,666

See accompanying Notes to Consolidated Financial Statements

PAR TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year ended December 31,	
	2016	2015
Net income (Loss)	$ 1,783	$ (891)
Other comprehensive loss net of applicable tax:		
Foreign currency translation adjustments	(716)	(1,462)
Comprehensive income (Loss)	$ 1,067	$ (2,353)

See accompanying Notes to Consolidated Financial Statements

PAR TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands)

(in thousands)	Common Stock Shares	Common Stock Amount	Capital in excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total Shareholders' Equity
Balances at December 31, 2014	17,275	$ 346	$ 44,854	$ 31,465	$ (1,316)	(1,708)	$ (5,836)	$ 69,513
Net loss				(891)				(891)
Issuance of common stock upon the exercise of stock options	94	2	472					474
Net issuance of restricted stock awards	(17)	(1)						(1)
Equity based compensation	-	-	487					487
Stock options and awards tax benefits			(60)					(60)
Translation adjustments, net of tax of $476					(1,462)			(1,462)
Balances at December 31, 2015	17,352	$ 347	$ 45,753	$ 30,574	$ (2,778)	(1,708)	$ (5,836)	$ 68,060
Net income				1,783				1,783
Issuance of common stock upon the exercise of stock options	5	1	26					27
Net issuance of restricted stock awards	122	2						2
Equity based compensation			469					469
Stock options and awards tax benefits			(45)					(45)
Translation adjustments, net of tax of $944					(716)			(716)
Balances at December 31, 2016	17,479	$ 350	$ 46,203	$ 32,357	$ (3,494)	(1,708)	$ (5,836)	$ 69,580

See accompanying Notes to Consolidated Financial Statements

PAR TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31,	
	2016	2015
Cash flows from operating activities:		
Net income (Loss)	$ 1,783	$ (891)
Loss from discontinued operations	720	4,912
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Insurance (recovery) loss on investment	(771)	776
Depreciation, amortization, and accretion	4,624	3,070
Provision for bad debts	401	772
Provision for obsolete inventory	1,249	1,293
Equity based compensation	469	487
Change in fair value of contingent consideration	(1,130)	90
Deferred income tax	708	(1,910)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(1,576)	(628)
Inventories	(5,987)	3,136
Income tax receivable/(payable)	(540)	(196)
Other current assets	(248)	587
Other assets	(194)	(644)
Accounts payable	4,958	(7,529)
Accrued expenses	(2,023)	214
Customer deposits	9,032	(1,062)
Deferred service revenue	(37)	251
Other long-term liabilities	(41)	(54)
Deferred tax equity based compensation	(45)	(60)
Net cash provided by operating activities-continuing operations	11,352	2,614
Net cash used in operating activities-discontinued operations	(356)	(2,020)
Net cash provided by operating activities	10,996	594
Cash flows from investing activities:		
Capital expenditures	(3,433)	(1,705)
Capitalization of software costs	(2,685)	(2,148)
Investment expenditure	-	(776)
Proceeds from sale of business	-	12,100
Working capital adjustment paid	(977)	-
Net cash (used in) provided by investing activities-continuing operations	(7,095)	7,471
Net cash used in investing activities-discontinued operations	-	(1,046)
Net cash (used in) provided by investing activities	(7,095)	6,425
Cash flows from financing activities:		
Payments of long-term debt	(181)	(173)
Payments of other borrowings	(214,980)	(222,156)
Proceeds from other borrowings	214,980	217,156
Payments for deferred acquisition obligations	(2,000)	(3,000)
Proceeds from stock awards	27	473
Net cash used in financing activities	(2,154)	(7,700)
Effect of exchange rate changes on cash and cash equivalents	(716)	(1,462)
Net increase (decrease) in cash and cash equivalents	1,031	(2,143)
Cash and cash equivalents at beginning of period	8,024	10,167
Cash and cash equivalents at end of period	9,055	8,024
Less cash and cash equivalents of discontinued operations at end of period	-	-

Cash and cash equivalents of continuing operations at end of period	$ 9,055	$ 8,024
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 94	$ 206
Income taxes, net of refunds	$ 714	$ 310
Supplemental disclosures of non-cash information:		
Sale of business through note receivable	$	$ 4,259

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the accounts of PAR Technology Corporation and its subsidiaries (ParTech, Inc., ParTech (Shanghai) Company Ltd., PAR Springer-Miller Systems, Inc., Springer-Miller Canada, ULC, PAR Canada ULC, Brink Software, Inc., PAR Government Systems Corporation and Rome Research Corporation), collectively referred to as the "Company." All significant intercompany transactions have been eliminated in consolidation.

During fiscal year 2015, the Company entered into an asset purchase agreement to sell substantially all of the assets of our Hotel/Spa technology business operated under PAR Springer-Miller Systems, Inc. ("PSMS"). The transaction closed on November 4, 2015. Accordingly, the results of operations of PSMS have been classified as discontinued operations in accordance with Accounting Standards Codification ("ASC") 205-20, Presentation of Financial Statements – Discontinued Operations. All prior period amounts have been reclassified to conform to the current period presentation. See Note 2 – Divestiture and Discontinued Operations - in the Notes to Consolidated Financial Statements for further discussion.

Business combinations

The Company accounts for business combinations pursuant ASC 805, Business Combinations, which requires that assets acquired and liabilities assumed be recorded at their respective fair values on the date of acquisition. The fair value of the consideration paid is assigned to the underlying net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is allocated to goodwill (the "Acquisition Method"). The purchase price allocation process requires the Company to make significant assumptions and estimates in determining the purchase price and the assets acquired and liabilities assumed at the acquisition date. The Company's assumptions and estimates are subject to refinement and, as a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon conclusion of the measurement period, any subsequent adjustments are recorded to the Company's consolidated statements of operations. The Company's consolidated financial statements and results of operations reflect an acquired business after the completion of the acquisition.

Contingent Consideration

The Company determines the acquisition date fair value of contingent consideration using a discounted cash flow method, with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement as defined in ASC Topic 820, Fair Value Measurement. The significant inputs in the Level 3 measurement not supported by market activity included the Company's probability assessments of expected future cash flows related to the Company's acquisition of Brink Software Inc. during the contingent consideration period, appropriately discounted considering the uncertainties associated with the obligation, and calculated in accordance with the terms of the definitive agreement. The liabilities for the contingent consideration are established at the time of the acquisition and will be evaluated on a quarterly basis based on additional information as it becomes available. Any change in the fair value adjustment is recorded in the earnings of that period. During 2016, we recorded a $1.1 million adjustment to decrease the fair value of our contingent consideration related to the acquisition of Brink Software Inc., versus a $0.1 million adjustment to increase the fair value during 2015. This is reflected within other expense on the statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations. Significant increases or decreases in the inputs noted above in isolation would result in a significantly lower or higher fair value measurement.

Revenue recognition policy

Restaurant/Retail Contracts

Our Restaurant/Retail segment's revenues consist of sales of the Company's standard POS system to the Restaurant/Retail segment. We derive revenue from the following sources: (1) hardware sales, (2) software license agreements, including perpetual licenses and software as a service, (3) professional services, (4) hosting services and (5) post-contract customer support ("PCS").

We recognize revenue when all four revenue recognition criteria have been met: persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collection is probable. Determining whether and when some of these criteria have been satisfied often involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report.

Hardware

Revenue recognition on hardware sales occurs upon delivery to the customer site (or when shipped for systems that are not installed by the Company) when persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectability is reasonably assured.

Software

Revenue recognition on software sales generally occurs upon delivery to the customer, when persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectability is reasonably assured. For software sales sold as a perpetual license, typically our Pixel software offering, where the Company is the sole party that has the proprietary knowledge to install the software, revenue is recognized upon installation and when the system is ready to go live.

Service

Service revenue consists of installation and training services, field and depot repair, subscription software products, associated software maintenance, and software related hosted services. Installation and training service revenue are based upon standard hourly/daily rates as well as contracted prices with the customer, and revenue is recognized as the services are performed. Support maintenance and field and depot repair are provided to customers either on a time and materials basis or under a maintenance contract. Services provided on a time and materials basis are recognized as the services are performed. Service revenues from maintenance contracts are recorded as deferred revenue when

billed to and collected from the customer and are recognized ratably over the underlying contract period. Software sold as a service with our Brink and SureCheck software offerings, is recorded as deferred revenue when billed and collected and recognized ratably over the contract term.

The Company frequently enters into multiple-element arrangements with our customers including hardware, software, professional consulting services and maintenance support services. For arrangements involving multiple deliverables, when deliverables include software and non-software products and services, we evaluate and separate each deliverable to determine whether it represents a separate unit of accounting based on the following criteria: (a) the delivered item has value to the customer on a stand-alone basis; and (b) if the contract includes a general right of return relative to the delivered item, delivery or performance of the undelivered items is considered probable and substantially in the control of PAR.

Multiple element arrangements which include hardware, service, and software offerings are separated based upon the stand-alone price for each individual hardware, service, or software sold in the arrangement irrespective of the combination of products and services which are included in a particular arrangement. As such, overall consideration is allocated to each unit of accounting based on the unit's relative selling prices. In such circumstances, the Company uses a hierarchy to determine the selling price to be used for allocating revenue to each deliverable: (i) vendor-specific objective evidence of selling price (VSOE), (ii) third-party evidence of selling price (TPE), and (iii) best estimate of selling price (BESP). VSOE generally exists only when the Company sells the deliverable separately and is the price actually charged by the Company for that deliverable. The Company uses BESP to allocate revenue when we are unable to establish VSOE or TPE of selling price. BESP is primarily used for elements such as products that are not consistently priced within a narrow range. The Company determines BESP for a deliverable by considering multiple factors including product and customer class, geography, average discount, and management's historical pricing practices. Amounts allocated to the delivered hardware and software elements are recognized at the time of sale provided the other conditions for revenue recognition have been met. Amounts allocated to the undelivered maintenance and other services elements are recognized as the services are provided or on a straight-line basis over the service period. In certain instances, customer acceptance is required prior to the passage of title and risk of loss of the delivered products. In such cases, revenue is not recognized until the customer acceptance is obtained. Delivery and acceptance generally occur in the same reporting period.

Software elements, generally software PCS, and professional services revenue are recognized in accordance with authoritative guidance on software revenue recognition. For the software and software-related elements of such transactions, revenue is allocated based on the relative fair value of each element, and fair value is determined by vender specific objective evidence, where available. If VSOE is not available for all elements, we will use the residual method to separate the elements as long as we have VSOE for the undelivered elements. If we cannot objectively determine the fair value of any undelivered element included in such multiple-element arrangements, we defer the revenue until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements.

Government Contracts

The Company's contract revenues generated by the Government segment result primarily from contract services performed for the U.S. Government under a variety of cost-plus fixed fee, time-and-material, and fixed-price contracts. Revenue on cost-plus fixed fee contracts is recognized based on allowable costs for labor hours delivered, as well as other allowable costs plus the applicable fee. Revenue on time and material contracts is recognized by multiplying the number of direct labor hours delivered in the performance of the contract by the contract billing rates and adding other direct costs as incurred. Revenue from fixed-price contracts is recognized as labor hours are delivered which approximates the straight-line basis of the life of the contract. The Company's obligation under these contracts is to provide labor hours to conduct research or to staff facilities with no other deliverables or performance obligations. Anticipated losses on all contracts are recorded in full when identified. Unbilled accounts receivable is stated in the Company's consolidated financial statements at their estimated realizable value. Contract costs, including indirect expenses, are subject to audit and adjustment through negotiations between the Company and U.S. Government representatives.

Warranty Provisions

Warranty provisions for product warranties are recorded in the period in which the Company becomes obligated to honor the related right, which generally is the period in which the related product revenue is recognized. The Company accrues warranty reserves based upon historical factors such as labor rates, average repair time, travel time, number of service calls per machine and cost of replacement parts. When a sale is consummated, a warranty reserve is recorded based upon the estimated cost to provide the service over the warranty period.

Cash and cash equivalents

The Company considers all highly liquid investments, purchased with a remaining maturity of three months or less, to be cash equivalents.

Accounts receivable – Allowance for doubtful accounts

Allowances for doubtful accounts are based on estimates of probable losses related to accounts receivable balances. The establishment of allowances requires the use of judgment and assumptions regarding probable losses on receivable balances. The Company continuously monitors collections and payments from our customers and maintain a provision for estimated credit losses based on our historical experience and any specific customer collection issues that we have identified. Thus, if the financial condition of our customers were to deteriorate, our actual losses may exceed our estimates, and additional allowances would be required.

Inventories

The Company's inventories are valued at the lower of cost or market, with cost determined using the first-in, first-out ("FIFO") method. The Company uses certain estimates and judgments and considers several factors including product demand, changes in customer requirements and changes in technology to provide for excess and obsolescence reserves to properly value inventory.

Property, plant and equipment

Property, plant and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to twenty-five years. Expenditures for maintenance and repairs are expensed as incurred.

Other assets

Other assets primarily consist of cash surrender value of life insurance related to the Company's Deferred Compensation Plan eligible to certain employees. The funded balance is reviewed on an annual basis.

Income taxes

The provision for income taxes is based upon pretax earnings with deferred income taxes provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The Company records a valuation allowance when necessary to reduce deferred tax assets to their net realizable amounts. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Other long-term liabilities

Other long-term liabilities represent amounts owed to certain employees who are participants in the Company's Deferred Compensation Plan and the estimated fair value of the contingent consideration payable related to the Brink Software Inc. acquisition. During 2016, we recorded a $1.1 million adjustment to decrease the fair value of our contingent consideration related to the acquisition of Brink Software Inc., versus a $0.1 million adjustment to increase the fair value during 2015. This is reflected within other expense on the statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations.

Foreign currency

The assets and liabilities for the Company's international operations are translated into U.S. dollars using year-end exchange rates. Income statement items are translated at average exchange rates prevailing during the year. The resulting translation adjustments are recorded as a separate component of shareholders' equity under the heading Accumulated Other Comprehensive Income (Loss). Exchange gains and losses on intercompany balances of permanently invested long-term loans are also recorded as a translation adjustment and are included in Accumulated Other Comprehensive Loss. Foreign currency transaction gains and losses are recorded in other income in the accompanying statements of operations.

Other income (expense)

The components of other (expense) income from continuing operations for the two years ending December 31 are as follows:

	Year ended December 31 (in thousands)	
	2016	2015
Foreign currency loss	$ (24)	$ (193)
Rental (loss) income-net	(662)	264
Insurance recovery / investment write off	771	(776)
Fair value adjustment contingent consideration	1,130	(90)
Other	101	(5)
Income (expense)	$ 1,316	$ (800)

During 2016, we recorded a $1.1 million adjustment to decrease the fair value of its contingent consideration related to the acquisition of Brink Software Inc. In addition, we recorded an insurance recovery of $0.8 million in 2016 relating to the unauthorized transfers of the Company's funds by its former chief financial officer. Also, during 2016, the Company incurred a net loss on rental contracts of approximately $0.7 million. During 2015, the investment write-off of $0.8 million represents the write-off of unauthorized investments that were made in contravention of the Company's policies and procedures involving the Company's funds. The unauthorized investments occurred during the period between September 25, 2015 and November 6, 2015.

Identifiable intangible assets

The Company's identifiable intangible assets represent intangible assets acquired from the Brink Software Inc. acquisition as well as internally developed software costs. The Company capitalizes certain costs related to the development of computer software used in its Restaurant/Retail segment. Software development costs incurred prior to establishing technological feasibility are charged to operations and included in research and development costs. The technological feasibility of a computer software product is established when the Company has completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements. Software development costs incurred after establishing feasibility (as defined within ASC 985-20 for software cost related to sold as a perpetual license and ASC-350-40 for software sold as a service) are capitalized and amortized on a product-by-product basis when the product is available for general release to customers. Software costs capitalized within continuing operations during the periods ended December 31, 2016 and 2015 were $2.7 million and $2.1 million, respectively.

Annual amortization, charged to cost of sales when the product is available for general release to customers, is computed using the greater of (a) the straight-line method over the remaining estimated economic life of the product, generally three to seven years or (b) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product. Amortization of capitalized software costs from continuing operations amounted to $1.1 million and $0.8 million, in 2016 and 2015, respectively. The Company assessed its recoverability of capitalized software assets noting an impairment charge of $0.5 million to accelerate one of its software modules. There was no impairment charge recorded as of December 31, 2015.

The components of identifiable intangible assets, excluding discontinued operations, are:

	December 31, (in thousands)		
	2016	2015	Estimated Useful Life
Acquired and internally developed software costs	$ 15,884	$13,702	3 - 7 years
Customer relationships	160	160	7 years
Non-compete agreements	30	30	1 year
	16,074	13,892	
Less accumulated amortization	(5,508)	(3,394)	
	$ 10,566	$10,498	
Trademarks, trade names (non-amortizable)	400	400	N/A
	$ 10,966	$10,898	

The expected future amortization of these intangible assets assuming straight-line amortization of capitalized software costs and acquisition related intangibles is as follows (in thousands):

2017	$ 2,219
2018	2,054
2019	1,616
2020	1,396
2021	1,031
Thereafter	2,250
Total	$ 10,566

The Company has elected to test for impairment of indefinite lived intangible assets during the fourth quarter of its fiscal year. To value the indefinite lived intangible assets, the Company utilizes the royalty method to estimate the fair values of the trademarks and trade names. During 2016, the Company recorded an impairment charge of $0.5 million to accelerate one of its software modules. There was no impairment charge recorded as of December 31, 2015.

Stock-based compensation

The Company recognizes all stock-based compensation to employees, including grants of employee stock options and restricted stock awards, in the financial statements as compensation cost over the vesting period using an accelerated expense recognition method, based on their fair value on the date of grant.

Earnings per share

Basic earnings per share are computed based on the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the dilutive impact of outstanding stock options and restricted stock awards.

The following is a reconciliation of the weighted average shares outstanding for the basic and diluted earnings per share computations (in thousands, except share and per share data):

	December 31,	
	2016	2015
Income from continuing operations	$ 2,503	$ 4,021
Basic:		
Shares outstanding at beginning of year	15,645	15,592
Weighted average shares issued (cancelled) during the year, net	30	(30)
Weighted average common shares, basic	15,675	15,562
Income from continuing operations per common share, basic	$ 0.16	$ 0.26
Diluted:		
Weighted average common shares, basic	15,675	15,562
Dilutive impact of stock options and restricted stock awards	63	104
Weighted average common shares, diluted	15,738	15,666
Income from continuing operations per common share, diluted	$ 0.16	$ 0.26

At December 31, 2016 and 2015 there were 38,000 and 112,000 incremental shares, respectively, from the assumed exercise of stock options that were excluded from the computation of diluted earnings per share because of the anti-dilutive effect on earnings per share. There were no restricted stock awards excluded from the computation of diluted earnings per share for each of the fiscal years ended December 31, 2016 and 2015.

Goodwill

The Company tests goodwill for impairment on an annual basis, which is on the first day of the fourth quarter, or more often if events or circumstances indicate there may be impairment. The Company operates in two reportable operating segments - Restaurant/Retail and Government. Goodwill impairment testing is performed at the sub-segment level (referred to as a reporting unit). The two reporting units utilized by the Company are: Restaurant/Retail, and Government. Goodwill is assigned to reporting units at the date the goodwill is initially recorded. Once goodwill has been assigned to reporting units, it no longer retains its association with a particular acquisition, and all of the activities within a reporting unit, whether acquired or organically grown, are available to support the value of the goodwill. The amount outstanding for goodwill within continuing operations was $11.1 million at December 31, 2016 and 2015. There was no impairment of goodwill for the periods ending December 31, 2016 or 2015.

Impairment of long-lived assets

The Company evaluates the accounting and reporting for the impairment of long-lived assets in accordance with the reporting requirements of ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets. The Company will recognize impairment of long-lived assets or asset groups if the net book value of such assets exceeds the estimated future undiscounted cash flows attributable to such assets. If the carrying value of a long-lived asset or asset group is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset or asset group for assets to be held and used, or the amount by which the carrying value exceeds the fair market value less cost to sell for assets to be sold. During 2016, the Company recorded an impairment charge of $0.5 million to accelerate one of its software modules. There was no impairment charge recorded as of December 31, 2015.

Reclassifications

Amounts in prior years' consolidated financial statements are reclassified whenever necessary to conform to the current year's presentation. The results of operations of PSMS have been classified as discontinued operations in accordance with Accounting Standards Codification ("ASC") 205-20, Presentation of Financial Statements – Discontinued Operations. All prior period amounts have been reclassified to conform to the current period presentation. See Note 3 – Discontinued Operations - in the Notes to Consolidated Financial Statements for further discussion.

Use of estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include revenue recognition, stock based compensation, the recognition and measurement of assets acquired and liabilities assumed in business combinations at fair value, the carrying amount of property, plant and equipment, identifiable intangible assets and goodwill, valuation allowances for receivables, inventories and deferred income tax assets, and measurement of contingent consideration at fair value. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-09 to simplify several aspects of the accounting for employee share-based payment transactions standard, including the classification of excess tax benefits and deficiencies and the accounting for employee forfeitures. The guidance is effective for the Company beginning in the first quarter of 2017 at which time we will adopt. The updates to the accounting standard will include the following:

- Excess tax benefits and deficiencies will no longer be recognized as a change in additional paid-in-capital in the equity section of the balance sheet, instead they are to be recognized in the income statement as a tax expense or benefit. In the statement of cash flows, excess tax benefits and deficiencies will no longer be classified as a financing activity, instead they will be classified as an operating activity. The impact of this change in accounting to future periods cannot be estimated, as it is dependent upon several variables not in control of the Company, such as the future timing and amount of employee option exercises, restricted stock vesting and the Company's future stock price.

- Entities will have the option to continue to reduce share-based compensation expense during the vesting period of outstanding awards for estimated future employee forfeitures or they may elect to recognize the impact of forfeitures as they actually occur. The Company will continue to reduce the share-based compensation expense during the vesting period of outstanding awards for estimated future forfeitures.

- The ASU also provides new guidance to other areas of the standard including minimum statutory tax withholding rules and the calculation of diluted common shares outstanding.

Adoption approach varies based on the amendment topic and the Company does not expect a significant impact at this time.

In February 2016, the FASB issued ASU 2016-02 impacting the accounting for leases intending to increase transparency and comparability of organizations by requiring balance sheet presentation of leased assets and increased financial statement disclosure of leasing arrangements. The revised standard will require entities to recognize a liability for its lease obligations and a corresponding asset representing the right to use the underlying asset over the lease term. Lease obligations are to be measured at the present value of lease payments and accounted for using the effective interest method. The accounting for the leased asset will differ slightly depending on whether the agreement is deemed to be a financing or operating lease. For finance leases, the leased asset is depreciated on a straight-line basis and recorded separately from the interest expense in the income statement resulting in higher expense in the earlier part of the lease term. For operating leases, the depreciation and interest expense components are combined, recognized evenly over the term of the lease, and presented as a reduction to operating income. The ASU requires that assets and liabilities be presented or disclosed separately and classified appropriately as current and noncurrent. The ASU further requires additional disclosure of certain qualitative and quantitative information related to lease agreements. The new standard is effective for the Company beginning in the first quarter 2019 and early adoption is permitted, although unlikely at this time. We are currently evaluating the impact of these amendments on our financial statements.

In November 2015, the FASB issued new guidance related to the balance sheet classification of deferred taxes. This standard requires an entity to classify all deferred tax assets, along with any valuation allowance, as noncurrent on the balance sheet. As a result, each jurisdiction will have one net noncurrent deferred tax asset or liability. The new standard is effective for the Company for fiscal years beginning after December 15, 2016. The adoption of this standard in Q1 2017, which will be applied prospectively, is not expected to have a material impact on the Company's consolidated financial statements.

In July 2015, the FASB issued new guidance related to the measurement of inventory. This standard changes the inventory valuation method from the lower of cost or market to the lower of cost or net realizable value for inventory valued under the first-in, first-out or average cost methods. The new standard is effective for the Company beginning in Q1 of 2017, and requires prospective adoption. We do not anticipate the adoption will have a material impact on the Company's consolidated financial statements.

In August 2014, the FASB issued new guidance related to disclosures around going concern, including management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related disclosures when conditions or events raise substantial doubt about an entity's ability to continue as a going concern. The new standard is effective for the Company beginning in Q1 2017, with early adoption permitted although the Company did not early adopt. The impact of adopting this guidance on January 1, 2017 is not expected to have a material impact on our consolidated financial statements.

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In July 2015, the FASB affirmed its proposal of a one-year deferral of the effective date of the new revenue standard. As a result, the new guidance will be effective for the Company beginning in Q1 2018. The amendments may be applied retrospectively to each prior period presented or with the cumulative effect recognized as of the date of initial application. PAR is currently evaluating the impact of these amendments and plans not to early adopt and to adopt in 2018. In the second quarter of 2017, we will commence a project to assess the potential impact of the new standard on our consolidated financial statements and related disclosures. This project will also include the assessment and enhancement of our internal processes and systems to address the new standard. At this time, we have not yet selected a transition method.

Recently Adopted Accounting Pronouncements

None noted in prior two years.

Note 2 — Divestiture and Discontinued Operations

On November 4, 2015, ParTech, Inc. ("PTI"), a wholly owned subsidiary of PAR Technology Corporation, PAR Springer-Miller Systems, Inc. ("PSMS"), Springer-Miller International, LLC ("SMI"), and Springer-Miller Canada, ULC ("SMC") (PTI, PSMS, SMI and SMC are collectively referred to herein as the "Group"), entered into an asset purchase agreement (the "APA") with Gary Jonas Computing Ltd., SMS Software Holdings LLC, and Jonas Computing (UK) Ltd. (the "Purchasers"), each of which is an affiliate of the Jonas Software Group of Constellation Software Inc. of Toronto, Ontario, for the sale of substantially all of the assets of PSMS. Total consideration to be received from the sale is $16.6 million in cash (the "Base Purchase Price"), with $12.1 million received at the time of closing, and $4.5 million receivable eighteen months after the closing date, a portion of which amount will be available to pay certain indemnification obligations of the group, and/or adjusted based on the net tangible asset calculation, as defined in the APA The estimated fair value of the remaining portion of the note receivable, less any estimated working capital adjustments, due on May 4, 2017 is approximately $3.5 million and is included within current assets in the Company consolidated balance sheets. During 2016, the Company reduced the receivable by $0.9 million based on the terms of the net tangible asset calculation as the working capital shortfall was greater than previously estimated.

In addition to the base purchase price, contingent consideration of up to $1.5 million could be received by the Company based on achievement of certain agreed-upon revenue and earnings targets for calendar years 2016 through 2018, as set forth in the APA. As of December 31, 2016, the Company has not recorded any amount associated with this contingent consideration as we do not believe achievement of the related targets is probable.

Summarized financial information for the Company's discontinued operations is as follows (in thousands):

	December 31, (in thousands)	
	2016	2015
Assets		
Other current assets	$ 462	$ 377
Assets of discontinued operation	$ 462	$ 377
Liabilities		
Accrued salaries and benefits	$ -	$ 441
Liabilities of discontinued operation	$ -	$ 441

Summarized financial information for the Company's discontinued operations is as follows (in thousands):

	December 31, (in thousands)	
	2016	2015
Total revenues	$ -	$ 14,545
Loss from discontinued operations before income taxes	$ (1,131)	$ (5,702)
Loss on disposition	-	(2,408)
Benefit from income taxes	411	3,198
Loss from discontinued operations, net of taxes	$ (720)	$ (4,912)

During 2016, the Company recognized a loss on discontinued operations of $0.7 million (net of tax) mainly due to a reduction of the note receivable of $0.6 million (net of tax) and $0.1 million (net of tax) adjustment due to a loss on foreign currency exposure. The reduction of the note receivable is reflected in the Company's earnings for 2016 and will reduce the amount the Company aniticipates collecting on May 4, 2017 to $3.5 million.

In addition to the adjustments above, the Company paid a $1.0 million working capital adjustment, of which $0.9 million was included in accrued expenses at December 31, 2015, that resulted in a loss (net of tax) of $26,000. The working capital payment was estimated and paid as it was defined in the Springer-Miller APA.

Note 3 — Accounts Receivable, net

The Company's net accounts receivable consists of, excluding discontinued operations:

	December 31, (in thousands)	
	2015	2015
Government segment:		
Billed	$ 6,779	$ 9,400
Advanced billings	(1,599)	(1,266)
	5,180	8,134
Hospitality segment:		
Accounts receivable - net	25,525	21,396
	$ 30,705	$ 29,530

At December 31, 2016 and 2015, the Company had recorded allowances for doubtful accounts of $0.9 million and $0.9 million, respectively, against Restaurant/Retail segment accounts receivable. Write-offs of accounts receivable during fiscal years 2016 and 2015 were $0.3 million and $0.4 million, respectively. The provision for doubtful accounts recorded in the consolidated statements of operations was $0.4 million and $0.8 million in 2016 and 2015, respectively.

Note 4 — Inventories, net

Inventories are used in the manufacture and service of Restaurant/Retail products. The components of inventory, net consist of the following, excluding discontinued operations:

	December 31, (in thousands)	
	2016	2015
Finished Goods	$ 9,423	$ 8,775
Work in process	443	402
Component parts	10,386	5,068
Service parts	5,985	7,254
	$ 26,237	$ 21,499

At December 31, 2016 and December 31, 2015, the Company had recorded inventory reserves of $9.2 million and $8.8 million, respectively, against Restaurant/Retail inventories, which relates primarily to service parts.

Note 5 — Property, Plant and Equipment

The components of property, plant and equipment, excluding discontinued operations, are:

	December 31, (in thousands)	
	2016	2015
Land	$ 253	$ 253
Building and improvements	5,816	5,645
Rental property	5,345	5,330
Furniture and equipment	13,890	11,804
	25,304	23,032
Less accumulated depreciation	(18,269)	(17,316)
	$ 7,035	$ 5,716

The estimated useful lives of buildings and improvements and rental property are twenty to twenty-five years. The estimated useful lives of furniture and equipment range from three to eight years. Depreciation expense from continuing operations was $2.1 million and $1.1 million for 2016 and 2015, respectively.

The Company leases a portion of its headquarters facility to various tenants. Net rent received from these leases totaled $0.3 million and $0.3 million for 2016 and 2015, respectively. Future minimum rent payments due to the Company under these lease arrangements are approximately $0.2 million, and $0.1 million 2017 and 2018, respectively.

The Company leases office space under various operating leases. Rental expense from continuing operations on operating leases was approximately $1.6 million and $1.4 million for 2016 and 2015, respectively. Future minimum lease payments under all non-cancelable operating leases are (in thousands):

2017	1,360
2018	1,109
2019	895
2020	328
2021	208
Thereafter	503
	$ 4,403

Note 6 — Debt

On November 29, 2016, the Company entered into a Credit Agreement (the "Credit Agreement") by and among the Company, as the Borrower thereunder, together with certain of the Company's US subsidiaries, as "Loan Guarantors" (together with the Company, the "Loan Parties"), and JPMorgan Chase Bank, N.A., as the "Lender". The Credit Agreement provides for revolving loans in an aggregate principal amount of up to $15.0 million to be made available to the Company; availability at any time being equal to the lesser of (i) $15.0 million and (ii) a borrowing base (equal to the sum of 80% eligible accounts, 50% eligible raw materials inventory and 35% eligible finished goods inventory, with no more than 50% of total eligible inventory included in the borrowing base), less the aggregate principal amount outstanding (the "Credit Facility"). Interest accrues on outstanding principal balances at an applicable rate per annum determined, as of the end of each fiscal quarter of the Company, by reference to the CBFR Spread or the Eurodollar Spread based on the Company's consolidated indebtedness ratio as at the determination date. The Credit Facility replaces the Company's asset-based credit agreement dated September 9, 2014 with JPMorgan Chase, N.A. (the "2014 ABL Credit Agreement") and a portion of the proceeds of the Credit Facility were used to pay-off all indebtedness outstanding under the Company's 2014 ABL Credit Agreement.

The Credit Facility matures three (3) years from the date of the Credit Agreement and is guaranteed by the Loan Guarantors. The Credit Facility is secured by substantially all of the assets of the Company and of the other Loan Parties; provided, that the Credit Facility is not secured by any liens on more than 65% of the voting stock of the Company's foreign subsidiaries. The Credit Agreement contains representations and warranties and affirmative and negative covenants that are usual and customary, including representations, warranties and covenants that, among other things, restrict the ability of the Company and its subsidiaries to incur additional indebtedness, incur or permit to exist liens on assets, make investments, loans, advances, guarantees and acquisitions, consolidate or merge with or into any other company, engage in asset sales and pay dividends and make distributions. The Credit Agreement requires that the Company's consolidated indebtedness ratio at the end of each of its fiscal quarters to be greater than 3.0 to 1.0 and maintain a fixed charge coverage ratio of not less than 1.15 to 1.0 for the Company's fiscal quarter ending December 31, 2016 (to be tested only in the event the Company's total consolidated indebtedness equaled or exceeded $5.0 million at the end of such fiscal quarter) and 1.25 to 1.0 for the quarter ending March 31, 2017 and each quarter thereafter. Obligations under the Credit Agreement may be accelerated upon certain customary events of default (subject to grace periods, as appropriate), including among others: nonpayment of principal, interest or fees; breach of the affirmative or negative covenants; breach of the representations or warranties in any material respect; event of default under, or acceleration of, other material indebtedness; bankruptcy or insolvency; material judgments entered against the Company or any of its subsidiaries; invalidity or unenforceability of any collateral documentation associated with the Credit Facility; and a change of control of the Company there was no outstanding balance on the line of credit at December 31, 2016. The Company was in compliance with these covenants as of December 31, 2016.

In addition to the Credit Facility, the Company has a mortgage loan, collateralized by certain real estate, with a balance of $0.6 million and $0.7 million as of December 31, 2016 and 2015, respectively. This mortgage matures on November 1, 2019. The Company's interest rate is fixed at 4.00% through the maturity date of the loan. The annual mortgage payment including interest through November 1, 2019 totals $0.2 million.

In connection with the acquisition of Brink Software on September 18, 2014, the Company recorded indebtedness to the former owners of Brink under the stock purchase agreement. As of December 31, 2016 and 2015, the principal balance of the note payable was zero and $2.0 million and it had a carrying value of zero and $4.8 million, respectively. The carrying value was based on the note's estimated fair value at the time of acquisition. The note did not bear interest and repayment terms are $3.0 million, which was paid on the first anniversary of close, September 18, 2015, and $2.0 million payable on the second anniversary of close, which was paid in September 2016.

The Company's future principal payments under the stock purchase agreement and our mortgage are as follows (in thousands):

	Total	Less Than 1 Year	1-3 Years	3 - 5 Years	More than 5 Years
Debt obligations	$ 566	$ 187	$ 379	$ -	$ -
Operating lease	4,403	1,360	2,004	536	503
Total	$ 4,969	$ 1,547	$ 2,383	$ 536	$ 503

Note 7 — Stock Based Compensation

The Company recognizes all stock-based compensation to employees and directors, including grants of employee stock options and restricted stock awards, in the financial statements as compensation cost over the vesting period based on their fair value on the date of grant. Total stock-based compensation expense included in selling, general and administrative expense in 2016 and 2015 was $0.5 million and $0.5 million, respectively. The amount recorded for the twelve months ended December 31, 2016 and 2015 was recorded net of benefits of $0.3 million and $0.2 million, as the result of forfeitures of unvested stock awards prior to the completion of the requisite service period. The amount of total stock based compensation includes $0.1 million and $0.2 million in 2016 and 2015, respectively, relating to restricted stock awards. No compensation expense has been capitalized during 2016 and 2015.

The Company has reserved 1.0 million shares under its 2015 Equity Incentive Plan ("EIP"). Stock options under this Plan may be incentive stock options or nonqualified stock options. The Plan also provides for restricted stock awards, including performance based awards. Stock options are nontransferable other than upon death. Option grants generally vest over a one to three year period after the grant and typically expire ten years after the date of the grant. The EIP provides for the grant of several different forms of stock-based compensation, including stock options to purchase shares of PAR common stock. The Compensation Committee of the Board of Directors (Compensation Committee) has discretion to determine the material terms and conditions of option awards under the EIP, provided that (i) the exercise price must be no less than the fair market value of PAR common stock (defined as the closing price) on the date of grant, (ii) the term must be no longer than ten years, and (iii) in no event shall the normal vesting schedule provide for vesting in less than one year. Other terms and conditions of an award of stock options will be determined by the Compensation Committee as set forth in the agreement relating to that award. The Compensation Committee has authority to administer the EIP.

Information with respect to stock options included within this plan is as follows:

	No. of Shares (in thousands)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2015	933	$ 5.14	$ 1,579
Options granted	133	5.48	
Options exercised	(5)	5.32	
Forfeited and cancelled	(82)	4.85	
Expired	(30)	4.63	
Outstanding at December 31, 2016	949	$ 5.22	$ 264
Vested and expected to vest at December 31, 2016	1,062	$ 5.26	$ 260
Total shares exercisable as of December 31, 2016	397	$ 5.22	$ 111
Shares remaining available for grant	701		

The weighted average grant date fair value of options granted during the years 2016 and 2015 was $1.81 and $1.44, respectively. The total intrinsic value of options exercised during the year ended December 31, 2016 was $5,800. The total intrinsic value of options exercised during the year ended December 31, 2015 was $119,000. New shares of the Company's common stock are issued as a result of stock option exercises in 2016 and for options exercised in 2015. The fair value of options at the date of the grant was estimated using the Black-Scholes model with the following assumptions for the respective period ending December 31:

	2016	2015
Expected option life	5.7 years	5.1 years
Weighted average risk-free interest rate	1.3%	1.6%
Weighted average expected volatility	33%	30%
Expected dividend yield	0%	0%

For the years ended December 31, 2016 and 2015, the expected option life was based on the Company's historical experience with similar type options. Expected volatility is based on historical volatility levels of the Company's common stock over the preceding period of time consistent with the expected life. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero coupon issues with a remaining term equal to the expected life. Stock options outstanding at December 31, 2016 are summarized as follows:

Range of Exercise Prices	Number Outstanding (in thousands)	Weighted Average Remaining Life	Weighted Average Exercise Price
$ 4.72 - $7.08	1,082	7.52 years	$ 5.26

At December 31, 2016, the aggregate unrecognized compensation cost of unvested equity awards, as determined using a Black-Scholes option valuation model, was $0.5 million (net of estimated forfeitures) which is expected to be recognized as compensation expense in fiscal years 2017 through 2019. The Company has not paid cash dividends on its common stock, and the Company presently intends to continue to retain earnings for reinvestment in growth opportunities. Accordingly, it is anticipated no cash dividends will be paid in the foreseeable future.

Current year activity with respect to the Company's non-vested restricted stock awards is as follows:

Non-vested restricted stock awards (in thousands)	Shares	Weighted Average grant-date fair value
Balance at January 1, 2016	85	$ 5.13
Granted	168	5.23
Vested	(44)	4.94
Forfeited and cancelled	(46)	5.31
Balance at December 31, 2016	163	$ 5.22

The EIP also provides for the issuance of restricted stock, as well as restricted stock units. These types of awards can have either service based or performance based vesting with performance goals being established by the Compensation Committee. Grants of restricted stock with service based vesting are subject to vesting periods ranging from 1 to 3 years. Grants of restricted stock with performance based vesting are subject to a vesting period of 1 to 3 years and performance conditions as defined by the Compensation Committee. The Company assesses the likelihood of achievement throughout the performance period and recognizes compensation expense associated with its performance awards based on this assessment. Other terms and conditions applicable to any award of restricted stock will be determined by the Compensation Committee and set forth in the agreement relating to that award.

During 2016 and 2015, the Company issued 168,000 and 34,000 restricted stock awards, respectively, at a per share price of $0.02. For the periods ended December 31, 2016 and 2015, the Company recognized compensation expense related to the performance awards based on its estimate of the probability of achievement in accordance with ASC Topic 718.

The fair value of restricted stock awards is based on the average price of the Company's common stock on the date of grant. The weighted average grant date fair value of restricted stock awards granted during the years 2016 and 2015 was $5.23 and $4.67, respectively. In accordance with the terms of the restricted stock award agreements, the Company released 85,000 and 110,000 shares during 2016 and 2015, respectively. During 2016, there were approximately 46,000 shares of restricted stock cancelled, of which 45,000 were performance based restricted shares. During 2015, there were 112,000 shares of restricted stock cancelled, of which 102,000 were performance based restricted shares.

Note 8 — Income Taxes

The provision for income taxes from continuing operations consists of:

	Year ended December 31, (in thousands)	
	2016	2015
Current income tax:		
Federal	$ 61	$ 221
State	167	141
Foreign	211	267
	439	629
Deferred income tax:		
Federal	768	816
State	(60)	55
	708	871
Provision for income taxes	$ 1,147	$ 1,500

The deferred tax benefit related to discontinued operations was $0.4 million in fiscal year 2016 and $3.2 million recorded in fiscal year 2015.

Deferred tax liabilities (assets) are comprised of the following at:

	December 31, (in thousands)	
	2016	2015
Deferred tax liabilities:		
Software development costs	$ 2,223	$ 1,841
Acquired intangible assets	1,731	2,088
Gross deferred tax liabilities	3,954	3,929
Allowances for bad debts and inventory	(4,505)	(4,804)
Capitalized inventory costs	(104)	(75)
Intangible assets	(1,388)	(1,747)
Employee benefit accruals	(2,089)	(2,050)
Federal net operating loss carryforward	(5,820)	(6,215)
State net operating loss carryforward	(1,085)	(1,111)
Tax credit carryforwards	(6,888)	(8,760)
Foreign currency	(33)	(33)
Other	(1,333)	(334)
Gross deferred tax assets	(23,245)	(25,129)
Less valuation allowance	1,874	3,421
Net deferred tax assets	$ (17,417)	$ (17,779)

The Company has Federal tax credit carryforwards of $6.7 million that expire in various tax years from 2017 to 2036. The Company has a Federal operating loss carryforward of $18.8 million that expires in various tax years through 2034. Of the operating loss carryforward, $1.7 million will result in a benefit within additional paid in capital when realized. The Company also has state tax credit carryforwards of $0.2 million and state net operating loss carryforwards of $7.2 million that expire in various tax years through 2034. In assessing the ability to realize deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As a result of this analysis and based on the current year's taxable income, and utilization of certain carryforwards management determined that we should reduce our valuation allowance in the current year. A valuation allowance is still required to the extent it is more likely than not that the future benefit associated with the foreign tax credit carryforwards and certain state tax loss carryforwards will not be realized. As a result, the Company recorded a tax expense associated with an increase of the deferred tax asset valuation allowance of $0.1 million for 2016.

The Company records the benefits relating to uncertain tax positions only when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the position would be sustained upon examination by taxing authorities. Tax positions that meet the more likely than not threshold are measured using a probability-weighted approach as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. At December 31, 2016, the Company's reserve for uncertain tax positions is not material and we believe we have adequately provided for its tax-related liabilities. The Company is no longer subject to United States federal income tax examinations for years before 2013. The provision for (benefit from) income taxes differed from the provision computed by applying the Federal statutory rate to income (loss) from continuing operations before taxes due to the following:

	Year ended December 31,	
	2016	2015
Federal statutory tax rate	34.0%	34.0%
State taxes	1.4	5.8
Non deductible expenses	2.7	1.0
Tax credits	(6.7)	(4.8)
Foreign income tax rate differential	(2.1)	(1.3)
Valuation allowance	0.1	(9.5)
Tax return and audit adjustments	0.0	3.8
Other	2.0	(1.8)
	31.4%	27.2%

Note 9 — Employee Benefit Plans

The Company has a deferred profit-sharing retirement plan that covers substantially all employees. The Company's annual contribution to the plan is discretionary. The Company's did not make a contribution in 2016 or 2015. The plan also contains a 401(k) provision that allows employees to contribute a percentage of their salary up to the statutory limitation. These contributions are matched at the rate of 10% by the Company. The Company's matching contributions under the 401(k) component were $0.3 million and $0.4 million in 2016 and 2015, respectively.

The Company also maintains an incentive-compensation plan. Participants in the plan are key employees as determined by the Board of Directors and executive management. Compensation under the plan is based on the achievement of predetermined financial performance goals of the Company and its subsidiaries. Awards under the plan are payable in cash. Awards under the plan totaled $0.5 million and $0.8 million, in 2016 and 2015, respectively.

The Company also sponsors a deferred compensation plan for a select group of highly compensated employees. Participants may make elective deferrals of their salary to the plan in excess of tax code limitations that apply to the Company's qualified plan. The Company invests the participants' deferred amounts to fund these obligations. The Company also has the sole discretion to make employer contributions to the plan on behalf of the participants, though we did not make any employer contributions in 2016 or 2015.

Note 10 — Contingencies

We are subject to legal proceedings, which arise in the ordinary course of business. Additionally, U.S. Government contract costs are subject to periodic audit and adjustment. Further, as disclosed in "Item 9A. Controls and Procedures", we are currently conducting an internal investigation into import/export and sales documentation activities at our China and Singapore offices. The investigation is being conducted under the oversight of our Audit Committee, with the assistance of outside counsel, and is focused on compliance with provisions of the U.S. Foreign Corrupt Practices Act, or FCPA, and other applicable laws, and certain of our policies, including our Code of Business Conduct and Ethics. We have voluntarily notified the U.S. Securities and Exchange Commission ("SEC") and the U.S. Department of Justice ("DOJ") of these matters, and are fully cooperating with these agencies. During the year ended December 31, 2016, we recorded $1.3 million of expenses relating to the investigation, including expenses of outside legal counsel and forensic accountants. We are currently unable to predict what actions the SEC, the DOJ, or other governmental agencies (including foreign governmental agencies) might take, or what the likely outcome of any such actions might be, or estimate the range of reasonably possible fines or penalties, which may be material. The SEC, DOJ, and other governmental authorities have a broad range of civil and criminal sanctions, and the imposition of sanctions, fines or remedial measures could have a material adverse effect on the Company's business, prospects, reputation, financial condition, liquidity, results of operations or cash flows.

Note 11 — Segment and Related Information

The Company is organized in two reporting units: Restaurant/Retail, and Government. Management views the Restaurant/Retail and Government segments separately in operating its business, as the products and services are different for each segment. The Company's chief operating decision maker is the Company's Chief Executive Officer. The Hotel/Spa reporting was sold as of November 4, 2015, and is classified as discontinued operations (see Note 2 – Divestiture and Discontinued Operations - of the Notes to Consolidated Financial Statements).

The Company has two reportable business segments - Restaurant/Retail segment and Government segment. The Restaurant/Retail segment offers integrated solutions to the restaurant and retail industry consisting of restaurants, grocery stores and specialty retail outlets. These offerings include industry leading hardware and software applications utilized at the point-of-sale, back of store and corporate office and includes the acquisition of Brink Software. This segment also offers customer support including field service, installation, and twenty-four-hour telephone support and depot repair. With our SureCheck solution, we continue to expand our business into retail, big box retailers, grocery stores, and contract food management organizations. The government segment performs complex technical studies, analysis, and experiments, develops innovative solutions, and provides on-site engineering in support of advanced defense, security, and aerospace systems. This segment also provides expert on-site services for operating and maintaining U.S. Government-owned communication assets.

Information noted as "Other" primarily relates to the Company's corporate, home office operations.

Information as to the Company's segments is set forth below. Amounts below exclude discontinued operations.

	Year ended December 31, (in thousands)	
	2016	2015
Revenues:		
Restaurant/Retail	$ 149,341	$ 141,151
Government	80,312	87,852
Total	$ 229,653	$ 229,003
Operating income (loss) :		
Restaurant/Retail	$ 825	$ 1,721
Government	6,160	5,365
Other	(4,772)	(457)
	2,213	6,629
Other income, net	1,316	(800)
Interest income (expense)	121	(308)
Income from continuing operations before provision for income taxes	$ 3,650	$ 5,521
Identifiable assets:		
Restaurant/Retail	$ 87,672	$ 72,948
Government	6,504	10,052
Other	29,873	32,874
Total	$ 124,049	$ 115,874
Goodwill:		
Restaurant/Retail	$ 10,315	$ 10,315
Government	736	736
Total	$ 11,051	$ 11,051
Depreciation, amortization and accretion:		
Restaurant/Retail	$ 3,479	$ 2,673
Government	38	48
Other	1,107	349
Total	$ 4,624	$ 3,070
Capital expenditures including software costs:		
Restaurant/Retail	$ 3,285	$ 3,645
Government	41	-
Other	2,792	208
Total	$ 6,118	$ 3,853

The following table presents revenues by country based on the location of the use of the product or services. Amounts below exclude discontinued operations.

	December 31,	
	2016	2015
United States	$ 210,821	$ 197,303
Other Countries	18,832	31,700
Total	$ 229,653	$ 229,003

The following table presents assets by country based on the location of the asset. Amounts below exclude discontinued operations.

	December 31,	
	2016	2015
United States	$ 110,369	$ 100,583
Other Countries	13,680	15,291
Total	$ 124,049	$ 115,874

Customers comprising 10% or more of the Company's total revenues, excluding discontinued operations, are summarized as follows:

	December 31,	
	2016	2015
Restaurant and Retail segment:		
McDonald's Corporation	25%	19%
Yum! Brands, Inc.	11%	10%
Government segment:		
U.S. Department of Defense	35%	38%
All Others	29%	33%
	100%	100%

No other customer within All Others represented more than 10% of the Company's total revenue for the years ended December 31, 2016 and 2015.

Note 12 — Fair Value of Financial Instruments

The Company's financial instruments have been recorded at fair value using available market information and valuation techniques. The fair value hierarchy is based upon three levels of input, which are:

Level 1 − quoted prices in active markets for identical assets or liabilities (observable)

Level 2 − inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable market data for essentially the full term of the asset or liability (observable)

Level 3 − unobservable inputs that are supported by little or no market activity, but are significant to determining the fair value of the asset or liability (unobservable)

The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables, debt instruments and deferred compensation assets and liabilities. For cash and cash equivalents, trade receivables and trade payables, the carrying amounts of these financial instruments as of December 31, 2016, and 2015 were considered representative of their fair values. The estimated fair value of the Company's long-term debt and line of credit at December 31, 2016 and 2015 was based on variable and fixed interest rates at December 31, 2016 and 2015, respectively, for new issues with similar remaining maturities and approximates the respective carrying values at December 31, 2016 and 2015.

The deferred compensation assets and liabilities primarily relate to the Company's deferred compensation plan, which allows for pre-tax salary deferrals for certain key employees (see Note 9 – Employees Benefit Plans - of the Notes to Consolidated Financial Statements). Changes in the fair value of the deferred compensation liabilities are derived using quoted prices in active markets of the asset selections made by the participants. The deferred compensation liabilities are classified within Level 2, as defined under U.S. GAAP, because their inputs are derived principally from observable market data by correlation to the hypothetical investments. The Company holds insurance investments to partially offset the Company's liabilities under the deferred compensation plan, which are recorded at fair value each period using the cash surrender value of the insurance investments.

The Company has obligations, to be paid in cash, to the former owners of Brink Software, based on the achievement of certain conditions as defined in the definitive agreement (see Note 1 – Summary of Significant Accounting Policies - sub-footnote Contingent Consideration - of the Notes to Consolidated Financial Statements).

The fair value of this contingent consideration payable was estimated using a discounted cash flow method, with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement as defined in ASC 820, fair value measurements and disclosures. The significant inputs in the Level 3 measurement not supported by market activity included the Company's probability assessments of expected future cash flows related to the Company's acquisition of Brink during the contingent consideration period, appropriately discounted considering the uncertainties associated with the obligation, and calculated in accordance with the terms of the definitive agreement. The liabilities for the contingent consideration were established at the time of the acquisition and are evaluated on a quarterly basis based on additional information as it becomes available. Any change in the fair value adjustment is recorded in the earnings of that period. Changes in the fair value of the contingent consideration obligations may result from changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations. Significant increases or decreases in the inputs noted above in isolation would result in a significantly lower or higher fair value measurement.

The following table presents a summary of changes in fair value of the Company's Level 3 assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	Level 3 Inputs Liabilities
Balance at December 31, 2015	$ 5,130
New level 3 liability	-
Change in fair value of contingent consideration liability	(1,130)
Transfers into or out of Level 3	-
Balance at December 31, 2016	$ 4,000

Note 13 — Related Party Transactions

The Company leases its corporate wellness facility to related parties at a current rate of $9,775 per month. The Company receives a complimentary membership to this facility which is provided to all employees. During 2016 and 2015 the Company received rental income amounting to $117,300 for the lease of the facility in each year.

Our director, Paul D. Eurek, is President of Xpanxion LLC. In October 2016, we entered into a software development agreement with Xpanxion. In 2016, we incurred approximated $0.2 million of fees to Xpanxion under the software development agreement, but made no payments. Mr. Eurek's successor has been announced, and he intends to be fully retired from Xpanxion on June 30, 2017.

Note 14 — Subsequent Events

None noted

SIGNATURES

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

PAR TECHNOLOGY CORPORATION

April 17, 2017

/s/ Donald H. Foley
Donald H. Foley
Chief Executive Officer & President
(Principal Executive Officer)

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

Signatures	Title	Date
/s/ Donald H. Foley Donald H. Foley	Chief Executive Officer, President & Director (Principal Executive Officer)	April 17, 2017
/s/ Bryan A. Menar Bryan A. Menar	Chief Financial Officer (Principal Financial Officer)	April 17, 2017
/s/ Cynthia A. Russo Cynthia A. Russo	Director	April 17, 2017
/s/ Paul D. Eurek Paul D. Eurek	Director	April 17, 2017
/s/ Todd E. Tyler Todd E. Tyler	Director	April 17, 2017
/s/ John W. Sammon John W. Sammon	Director	April 17, 2017

List of Exhibits

Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by reference into this Annual Report on Form 10-K		
		Form (File No.)	Exhibit	Date Filed/Furnished
2(i) ***	Stock Purchase Agreement, dated as of September 18, 2014, among Brink Software Inc., the Shareholders, ParTech, Inc. and PAR Technology Corporation	Quarterly Report on Form 10-Q (File No. 001-09720)	10.3	11/14/2014
2(ii)	Asset Purchase Agreement, dated as of November 4, 2015, among Gary Jonas Computing Ltd., SMS Software Holdings LLC, Jonas Computing (UK) Ltd., PAR Springer-Miller Systems, Inc., Springer-Miller International, LLC, Springer- Miller Canada, ULC, Partech, Inc., and Constellation Software, Inc.	Annual Report on Form 10-K (File No. (001-09720)	10.26	3/30/2016
3(i)	Certificate of Incorporation, as amended May 22, 2014	Current Report on Form 8-K (File No. 001-09720)	3(i)	5/29/2014
3(ii)	By-laws, as amended May 22, 2014	Current Report on Form 8-K (001-09720)	3(ii)	5/29/2014
4	Specimen Certificate for shares of common stock	Registration Statement on Form S-2 (File No. 333-04077)	4	5/20/1996
10.1	PAR Technology Corporation 2005 Equity Incentive Plan	Registration Statement on Form S-8 (File No. 333-137647)	4.2	9/28/2006

Exhibit Number	Exhibit Description	Incorporated by reference into this Annual Report on Form 10-K: Form	Exhibit	Date Filed
10.2	PAR Technology Corporation 2005 Equity Incentive Plan, as amended	Registration Statement on Form S-8 (File No. 333-187246)	4.1	3/14/2013
10.3	PAR Technology Corporation Restricted Stock Agreement pursuant to the 2005 Equity Incentive Plan (Form)	Quarterly Report on Form 10-Q (File No. 001-09720)	10.1	8/8/2013
10.4	PAR Technology Corporation 2005 Equity Incentive Plan Notice of Award (Form)	Annual Report on Form 10-K (File No. 001-09720)	10.17	3/14/2014
10.5 ††	PAR Technology Corporation 2005 Equity Incentive Plan Outside Director Notice of Restricted Stock Award and Agreement (Form)	Annual Report on Form 10-K (File No. 001-09720)	10.21	3/31/2015
10.6	PAR Technology Corporation 2005 Equity Incentive Plan Notice of Award and Agreement (Form)	Annual Report on Form 10-K (File No. 001-09720)	10.23	3/31/2015
10.7 ***	Credit Agreement, dated as of September 9, 2014, among PAR Technology Corporation, the other Loan Parties, and JPMorgan Chase Bank, N.A.	Quarterly Report on Form 10-Q (File No. 001-09720)	10.1	11/14/2014
10.8	Pledge and Security Agreement entered into as of September 9, 2014, among PAR Technology Corporation, Ausable Solutions Inc., PAR Government Systems Corporation, PAR Springer-Miller Systems, Inc., Rome Research Corporation, Springer-Miller International, LLC, ParTech, Inc., and JPMorgan Chase Bank, N.A.	Quarterly Report on Form 10-Q (File No. 001-09720)	10.2	11/14/2014

Exhibit Number	Exhibit Description	Incorporated by reference into this Annual Report on Form 10-K		
		Form	Exhibit	Date Filed
10.9 ***	Second Amendment to Credit Agreement and Other Loan Documents, dated as of March 19, 2015, among PAR Technology Corporation, Ausable Solutions Inc., PAR Government Systems Corporation, PAR Springer-Miller Systems, Inc., Rome Research Corporation, Springer-Miller International, LLC, ParTech, Inc., Brink Software, Inc, and JPMorgan Chase Bank, N.A.	Annual Report on Form 10-K (File No. 001-09720)	10.24	3/31/2015
10.10	Fourth Amendment to Credit Agreement, dated as of March 24, 2016, among PAR Technology Corporation, the other Loan Parties (as defined in the Credit Agreement dated September 9, 2014 (as amended)) and JPMorgan Chase Bank, N.A.	Annual Report on Form 10-K (File No. 001-09720)	10.29	3/30/2016
10.11	Fifth Amendment to Credit Agreement, dated as of August 5, 2016, among PAR Technology Corporation, the other Loan Parties (as defined in the Credit Agreement dated September 9, 2014 (as amended)) and JPMorgan Chase Bank, N.A.	Quarterly Report on Form 10-Q (File No. 001-09720)	10.1	8/8/2016
10.12	Sixth Amendment to Credit Agreement, dated as of November 14, 2016, among PAR Technology Corporation, the other Loan Parties (as defined in the Credit Agreement dated September 9, 2014 (as amended)) and JPMorgan Chase Bank N.A.	Quarterly Report on Form 10-Q (File No. 001-09720)	10.1	11/14/2016
10.13	PAR Technology Corporation 2015 Equity Incentive Plan	Registration Statement on Form S-8 (File No. 333-208063)	4.2	11/16/2015
10.14	PAR Technology Corporation 2015 Equity Incentive Plan Notice of Award (Form)	Registration Statement on Form S-8 (File No. 333-208063)	4.3	11/16/2015

Exhibit Number	Exhibit Description	Incorporated by reference into this Annual Report on Form 10-K		
		Form	Exhibit	Date Filed
10.15 ††	PAR Technology Corporation 2015 Equity Incentive Plan Outside Director Notice of Restricted Stock Award and Agreement (Form)	Registration Statement on Form S-8 (File No. 333-208063)	4.4	11/16/2015
10.16††	Employment Offer Letter, dated March 21, 2013, between Ronald J. Casciano and PAR Technology Corporation	Quarterly Report on Form 10-Q (File No. 001-09720)	10.1	5/9/2013
10.17††	Employment Offer Letter, dated March 21, 2013, between Karen E. Sammon and PAR Technology Corporation	Quarterly Report on Form 10-Q (File No. 001-09720)	10.3	5/9/2013
10.18††	Employment Offer Letter, dated July 13, 2015, between Michael Bartusek and PAR Technology Corporation	Annual Report on Form 10-K (File No. 001-09720)	10.25	3/30/2016
10.19 ††	Employment Offer Letter, dated November 16, 2015, between Karen E. Sammon and PAR Technology Corporation	Annual Report on Form 10-K (File No. 001-09720)	10.27	3/30/2016
10.20 ††	Employment Offer Letter, dated December 10, 2015, between Matthew Cicchinelli and PAR Technology Corporation	Annual Report on Form 10-K (File No. 001-09720)	10.28	3/30/2016
10.21	Credit Agreement dated as of November 29, 2016, among PAR Technology Corporation, the other Loan Parties (as defined in the Credit Agreement) and JPMorgan Chase Bank N.A.			Filed herewith
10.22 ††	Employment Offer Letter, dated November 14, 2016, between Bryan Menar and PAR Technology Corporation			Filed herewith
21	Subsidiaries of PAR Technology Corporation			Filed herewith
23(ii)	Consent of BDO USA, LLP			Filed herewith
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended			Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended			Filed herewith

Exhibit Number	Exhibit Description	Incorporated by reference into this Annual Report on Form 10-K		
		Form	Exhibit	Date Filed
32.1	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350			Furnished herewith
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350			Furnished herewith
101.INS	XBRL Instance Document			Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document			Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document			Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			Filed herewith

†† **Indicates management contract or compensatory plan or arrangement.**

***** Portions of this Exhibit were omitted pursuant to a request for confidential treatment. The omitted portions have been separately filed with the Securities and Exchange Commission.**

Exhibit 10.21

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CREDIT AGREEMENT

dated as of

November 29, 2016

among

PAR TECHNOLOGY CORPORATION,
as Borrower,

The Loan Parties Party Hereto,

and

JPMORGAN CHASE BANK, N.A.,
as Lender

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CREDIT AGREEMENT dated as of November 29, 2016 (as it may be amended or modified from time to time, this "Agreement"), among PAR TECHNOLOGY CORPORATION, as Borrower, the Loan Parties party hereto, and JPMORGAN CHASE BANK, N.A., as Lender.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Account" has the meaning assigned to such term in the Security Agreement.

"Account Debtor" means any Person obligated on an Account.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the Effective Date, by which the Borrower or any of its Subsidiaries (a) acquires any going business or all or substantially all of the assets of any Person, whether through purchase of assets, merger or otherwise, (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the Equity Interests of a Person which has ordinary voting power for the election of directors or other similar management personnel of a Person (other than Equity Interests having such power only by reason of the happening of a contingency), or (c) directly or indirectly acquires (in one transaction or as the most recent in a series of transactions) a majority of the outstanding Equity Interests of a Person.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period or for any CBFR Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Adjusted One Month LIBOR Rate" means, for any day, an interest rate per annum equal to the sum of (i) 2.50% per annum plus (ii) the Adjusted LIBO Rate for a one-month interest period on such day (or if such day is not a Business Day, the immediately preceding Business Day); provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the LIBO Screen Rate at approximately 11:00 a.m. London time on such day.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the specified Person.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption.

"Applicable Rate" means, for any day, with respect to any Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "CBFR Spread", "Eurodollar Spread" or "Commitment Fee Rate", as the case may be, based upon the Borrower's Consolidated Indebtedness Ratio as of the most recent determination date, provided that until the delivery to the Lender, pursuant to Section 5.01(a) or Section 5.01(b), as applicable, of the Borrower's consolidated financial information for the Borrower's first fiscal quarter ending after the Effective Date, the "Applicable Rate" shall be based upon the Consolidated Indebtedness Ratio determined from the most recent quarterly consolidated financial statements delivered to the Lender prior to the Effective Date:

Consolidated Indebtedness Ratio	CBFR Spread	Eurodollar Spread	Commitment Fee Rate
Category 1 ≤ 1.0 to 1.0	0%	1.70%	0.30%
Category 2 >1.0 to 1.0 but ≤ 2.0 to 1.0	0%	2.20%	0.35%
Category 3 > 2 to 1.0	0.25%	2.70%	0.65%

For purposes of the foregoing, (i) the Applicable Rate shall be determined as of the end of each fiscal quarter of the Borrower based upon the Borrower's annual or quarterly consolidated financial statements delivered pursuant to Section 5.01(a) or Section 5.01(b), as applicable, and (ii) each change in the Applicable Rate resulting from a change in the Consolidated Indebtedness Ratio shall be effective during the period commencing on and including the date of delivery to the Lender of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change, provided that the Consolidated Indebtedness Ratio shall be deemed to be in Category 3 (A) at any time that an Event of Default has occurred and is continuing or (B) at the option of the Lender if the Borrower fails to deliver the annual or quarterly consolidated financial statements required to be delivered by it pursuant to Section 5.01(a) or Section 5.01(b), during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.

If at any time the Lender reasonably determines that the financial statements upon which the Applicable Rate was determined were incorrect (whether based on a restatement, fraud or otherwise), the Borrower shall be required to retroactively pay any additional amount that the Borrower would have been required to pay if such financial statements had been accurate at the time they were delivered.

"Approved Fund" has the meaning assigned to such term in Section 8.04(b).

"Availability" means, at any time, an amount equal to (a) the lesser of the Commitment and the Borrowing Base *minus* (b) the Exposure.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitment.

"Banking Services" means each and any of the following bank services provided to any Loan Party or its Subsidiaries by the Lender or any of its Affiliates: (a) credit cards for commercial customers (including, without limitation, "commercial credit cards" and purchasing cards), (b) stored value cards, (c) merchant processing services, and (d) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Banking Services Obligations" means any and all obligations of the Loan Parties or their Subsidiaries, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means PAR Technology Corporation, a Delaware corporation.

"Borrowing" means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Base" means, at any time, the sum of (a) 80% of the Borrower's Eligible Accounts at such time, *plus* (b) 50% of the Borrower's Eligible Inventory consisting of raw materials, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time, *plus* (c) 35% of Borrower's Eligible Inventory consisting of finished goods, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time. The maximum amount of Eligible Inventory which may be included as part of the Borrowing Base shall not exceed 50% of the total Borrowing Base. The Lender may, in its Permitted Discretion, reduce the advance rates set forth above, adjust Reserves (including the Equipment Repurchase Reserve) or reduce one or more of the other elements used in computing the Borrowing Base.

"Borrowing Base Certificate" means a certificate, signed and certified as accurate and complete by a Financial Officer of the Borrower, in substantially the form of Exhibit C attached hereto.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Burdensome Restrictions" means any consensual encumbrance or restriction of the type described in clause (a) or (b) of Section 6.10.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for general business in London.

"Capital Expenditures" means, without duplication, any expenditure or commitment to expend money for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with GAAP.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CB Floating Rate" means the Prime Rate; provided that the CB Floating Rate shall never be less than the Adjusted One Month LIBOR Rate on such day (or if such day is not a Business Day, the immediately preceding Business Day). Any change in the CB Floating Rate due to a change in the Prime Rate or the Adjusted One Month LIBOR Rate shall be effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBOR Rate, respectively.

"CBFR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bear interest at a rate determined by reference to the CB Floating Rate.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof) of Equity Interests representing more than 20% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) directors of the Borrower on the date of this Agreement nor (ii) nominated or appointed by the board of directors of the Borrower; or (c) the acquisition of direct or indirect Control of the Borrower by any Person or group other than the executive management of the Borrower; provided, that, no Change of Control shall be deemed to have occurred if Dr. John W. Sammon transfers all or a portion of the Equity Interests of the Company held directly or indirectly by him to (i) an immediate family member or (ii) a trust for the benefit of Dr. John W. Sammon or an immediate family member and, prior to such transfer the Lender shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including USA PATRIOT Act, and a properly completed and signed IRS Form W-8 or W-9, as applicable.

"Change in Law" means the occurrence after the date of this Agreement of any of the following: (a) the adoption of or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) compliance by the Lender (or, for purposes of Section 2.13(b), by any lending office of the Lender or by the Lender's holding company, if any) with any request, guideline, requirement or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the U.S. or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.

"Charges" has the meaning assigned to such term in Section 8.16.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all property owned, leased or operated by a Person covered by the Collateral Documents and any and all other property of any Loan Party, now existing or hereafter acquired, that may at any time be or become subject to a security interest or Lien in favor of the Lender, on behalf of the Secured Parties, to secure the Secured Obligations; provided, however, that in no event shall Collateral include (i) the Equity Interests of any Foreign Subsidiary to the extent not required to be pledged to secure the Obligations pursuant to Section 5.13(b) or (ii) any property owned, leased or operated by any Foreign Subsidiary.

"Collateral Access Agreement" has the meaning assigned to such term in the Security Agreement.

"Collection Account" has the meaning assigned to such term in the Security Agreement.

"Collateral Documents" means, collectively, the Security Agreement and any other agreements, instruments and documents executed in connection with this Agreement that are intended to create, perfect or evidence Liens to secure the Secured Obligations, including, without limitation, all other security agreements, pledge agreements, mortgages, deeds of trust, loan agreements, notes, guarantees, subordination agreements, pledges, powers of attorney, consents, assignments, contracts, fee letters, notices, leases, financing statements and all other written matter whether theretofore, now or hereafter executed by any Loan Party and delivered to the Lender.

"Commercial LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding commercial Letters of Credit *plus* (b) the aggregate amount of all LC Disbursements relating to commercial Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower.

"Commitment" means the commitment of the Lender to make Loans and issue Letters of Credit hereunder, as such commitment may be reduced from time to time pursuant to Section 2.07. The initial amount of the Lender's Commitment is $15,000,000.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, for any period, Net Income for such period *plus* (a) without duplication and to the extent deducted in determining Net Income, the sum of (i) Interest Expense, (ii) income tax expense, (iii) all amounts attributable to depreciation and amortization expense, (iv) any extraordinary non-cash charges, (v) any non-cash equity-based compensation, (vi) loss from discontinued operations arising from the 2015 sale of Par Springer-Miller Systems, Inc., (vii) investment write-off of $776,000 in the fourth quarter of 2015, net of any insurance proceeds received as result of such investment loss, and (viii) legal and investigation expenses of $766,000 incurred in the first quarter of 2016 and $304,000 incurred in the second quarter of 2016, *minus* (b) without duplication and to the extent included in Net Income, (i) any amounts attributable to the reappraisal or write-up of assets, (ii) any extraordinary gains and any non-cash items of income, all calculated for the Borrower and its Subsidiaries on a consolidated basis in accordance with generally accepted accounting principles.

"Consolidated Indebtedness" means, at any date, the aggregate principal amount of Indebtedness of the Borrower and its Subsidiaries on a consolidated basis at such date in accordance with GAAP.

"Consolidated Indebtedness Ratio" means, on any date, the ratio of (a) Consolidated Indebtedness on such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters ended on such date (or, if such date is not the last day of a fiscal quarter, ended on the last day of the fiscal quarter most recently ended prior to such date).

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits, proceedings and environmental matters disclosed in Schedule 3.06.

"Document" has the meaning assigned to such term in the Security Agreement.

"Dollars", "dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any state of the United States or the District of Columbia (other than any such Subsidiary of a Foreign Subsidiary).

"ECP" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 8.02).

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Electronic System" means any electronic system, including e-mail, e-fax, web portal access for the Borrower, Intralinks®, ClearPar®, Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Lender and any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

"Eligible Accounts" means, at any time, the Accounts of the Borrower which the Lender determines in its Permitted Discretion are eligible as the basis for the extension of Loans and the issuance of Letters of Credit. Without limiting the Lender's discretion provided herein, Eligible Accounts shall not include any Account:

(a) which is not subject to a first priority perfected security interest in favor of the Lender;

(b) which is subject to any Lien other than (i) a Lien in favor of the Lender and (ii) a Permitted Encumbrance which does not have priority over the Lien in favor of the Lender;

(c) (i) with respect to which is unpaid more than 90 days after the date of the original invoice therefor, (ii) which is unpaid more than 60 days after the original due date, or (iii) which has been written off the books of the Borrower or otherwise designated as uncollectible; provided that Accounts unpaid more than 90 days but less than 120 days from the date of original invoice which are not more than 60 days past due may be included in Eligible Accounts in an amount not exceeding $1,000,000 in the aggregate;

(d) which is owing by an Account Debtor for which more than 50% of the Accounts owing from such Account Debtor and its Affiliates are ineligible pursuant to clause (c) above;

(e) which is owing by an Account Debtor (other than McDonald's Corporation or a consolidating subsidiary thereof) to the extent the aggregate amount of Accounts owing from such Account Debtor and its Affiliates to the Borrower exceeds 20% of the aggregate amount of Eligible Accounts;

(f) with respect to which any covenant, representation, or warranty contained in this Agreement or in the Security Agreement has been breached or is not true;

(g) which (i) does not arise from the sale of goods or performance of services in the ordinary course of business, (ii) is not evidenced by an invoice or other documentation satisfactory to the Lender which has been sent to the Account Debtor, (iii) represents a progress billing, (iv) is contingent upon the Borrower's completion of any further performance, (v) represents a sale on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment, cash-on-delivery or any other repurchase or return basis or (vi) relates to payments of interest;

(h) for which the goods giving rise to such Account have not been shipped to the Account Debtor or for which the services giving rise to such Account have not been performed by the Borrower or if such Account was invoiced more than once;

(i) with respect to which any check or other instrument of payment has been returned uncollected for any reason;

(j) which is owed by an Account Debtor which has (i) applied for, suffered, or consented to the appointment of any receiver, custodian, trustee, or liquidator of its assets, (ii) had possession of all or a material part of its property taken by any receiver, custodian, trustee or liquidator, (iii) filed, or had filed against it, any request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as bankrupt, winding-up, or voluntary or involuntary case under any state or federal bankruptcy laws, (iv) admitted in writing its inability, or is generally unable to, pay its debts as they become due, (v) become insolvent, or (vi) ceased operation of its business;

(k) which is owed by any Account Debtor which has sold all or substantially all of its assets;

(l) which is owed by an Account Debtor which (i) does not maintain its chief executive office in the U.S. or (ii) is not organized under applicable law of the U.S. or any state of the U.S. or the District of Columbia unless, in either case, such Account is backed by a letter of credit acceptable to the Lender which is in the possession of, has been assigned to and is directly drawable by the Lender;

(m) which is owed in any currency other than U.S. dollars;

(n) which is owed by (i) any Governmental Authority of any country other than the U.S., unless such Account is backed by a letter of credit acceptable to the Lender which is in the possession of, and is directly drawable by, the Lender, or (ii) any Governmental Authority of the U.S., or any department, agency, public corporation, or instrumentality thereof, unless the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq. and 41 U.S.C. § 15 et seq.), and any other steps necessary to perfect the Lien of the Lender in such Account have been complied with to the Lender's satisfaction;

(o) which is owed by any Affiliate of any Loan Party or any, employee, officer, director, agent or stockholder of any Loan Party or any of its Affiliates;

(p) which is owed by an Account Debtor or any Affiliate of such Account Debtor to which any Loan Party is indebted, but only to the extent of such indebtedness or is subject to any security, deposit, progress payment, retainage or other similar advance made by or for the benefit of an Account Debtor, in each case to the extent thereof;

(q) which is subject to any counterclaim, deduction, defense, setoff or dispute, but only to the extent that such Account is subject to any such counterclaim, deduction, defense, setoff or dispute;

(r) which is evidenced by any promissory note, chattel paper or instrument;

(s) which is owed by an Account Debtor (i) located in any jurisdiction which requires filing of a "Notice of Business Activities Report" or other similar report in order to permit the Borrower to seek judicial enforcement in such jurisdiction of payment of such Account, unless the Borrower has filed such report or qualified to do business in such jurisdiction or (ii) which is a Sanctioned Person;

(t) with respect to which the Borrower has made any agreement with the Account Debtor for any reduction thereof, other than discounts and adjustments given in the ordinary course of business, to the extent of the agreed upon reduction, or any Account which was partially paid and the Borrower created a new receivable for the unpaid portion of such Account;

(u) which does not comply in all material respects with the requirements of all applicable laws and regulations, whether federal, state or local, including without limitation the Federal Consumer Credit Protection Act, the Federal Truth in Lending Act and Regulation Z of the Board;

(v) which is for goods that have been sold under a purchase order or pursuant to the terms of a contract or other agreement or understanding (written or oral) that indicates or purports that any Person other than the Borrower has or has had an ownership interest in such goods, or which indicates any party other than the Borrower as payee or remittance party;

(w) which was created on cash on delivery terms; or

(x) which the Lender reasonably determines may not be paid by reason of the Account Debtor's inability to pay or which the Lender otherwise reasonably determines is unacceptable for any reason whatsoever.

In the event that an Account which was previously an Eligible Account ceases to be an Eligible Account hereunder, the Borrower shall notify the Lender thereof on and at the time of submission to the Lender of the next Borrowing Base Certificate. In determining the amount of an Eligible Account, the face amount of an Account may, in the Lender's Permitted Discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that the Borrower may be obligated to rebate to an Account Debtor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the Borrower to reduce the amount of such Account.

"Eligible Inventory" means, at any time, raw material and finished goods Inventory of the Borrower which the Lender determines in its Permitted Discretion is eligible as the basis for the extension of Loans and the issuance of Letters of Credit. Without limiting the Lender's discretion provided herein, Eligible Inventory shall not include any Inventory:

(a) which is not subject to a first priority perfected Lien in favor of the Lender;

(b) which is subject to any Lien other than (i) a Lien in favor of the Lender and (ii) a Permitted Encumbrance which does not have priority over the Lien in favor of the Lender;

(c) which is, in the Lender's Permitted Discretion, slow moving, obsolete, unmerchantable, defective, used, unfit for sale, not salable at prices approximating at least the cost of such Inventory in the ordinary course of business or unacceptable due to age, type, category and/or quantity;

(d) with respect to which any covenant, representation, or warranty contained in this Agreement or the Security Agreement has been breached or is not true and which does not conform to all standards imposed by any Governmental Authority;

(e) in which any Person other than the Borrower shall (i) have any direct or indirect ownership, interest or title to such Inventory or (ii) be indicated on any purchase order or invoice with respect to such Inventory as having or purporting to have an interest therein;

(f) which is not finished goods or which constitutes work-in-process, spare or replacement parts, subassemblies, packaging and shipping material, manufacturing supplies, samples, prototypes, displays or display items, bill-and-hold or ship-in-place goods, goods that are returned or marked for return, repossessed goods, defective or damaged goods, goods held on consignment, or goods which are not of a type held for sale in the ordinary course of business;

(g) which is not located in the U.S. or is in transit with a common carrier from vendors and suppliers;

(h) which is located in any location leased by the Borrower unless (i) the lessor has delivered to the Lender a Collateral Access Agreement or (ii) a reserve for rent, charges and other amounts due or to become due with respect to such facility has been established by the Lender in its Permitted Discretion;

(i) which is located in any third party warehouse or is in the possession of a bailee (other than a third party processor) where, in each instance, more than $75,000 is located and is not evidenced by a Document, unless (i) such warehouseman or bailee has delivered to the Lender a Collateral Access Agreement and such other documentation as the Lender may require or (ii) an appropriate reserve has been established by the Lender in its sole discretion;

(j) which is being processed offsite at a third party location or outside processor, or is in transit to or from such third party location or outside processor;

(k) which is a discontinued product or component thereof;

(l) which is the subject of a consignment by the Borrower as consignor;

(m) which is perishable;

(n) which contains or bears any intellectual property rights licensed to the Borrower unless the Lender is satisfied in Lender's Permitted Discretion that it may sell or otherwise dispose of such Inventory without (i) infringing the rights of such licensor, (ii) violating any contract with such licensor, or (iii) incurring any liability with respect to payment of royalties, other than royalties incurred pursuant to sale of such Inventory under the current licensing agreement;

(o) which is not reflected in a current perpetual inventory report of the Borrower;

(p) for which reclamation rights have been asserted by the seller;

(q) which has been acquired from a Sanctioned Person; or

(r) which the Lender otherwise reasonably determines is unacceptable for any reason whatsoever.

In the event that Inventory which was previously Eligible Inventory ceases to be Eligible Inventory hereunder, the Borrower shall notify the Lender thereof on and at the time of submission to the Lender of the next Borrowing Base Certificate.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) any violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equipment" has the meaning assigned to such term in the Security Agreement.

"Equipment Finance Agreements" means the two existing equipment finance agreements with Wels Fargo Financial Leasing, Inc. guaranteed by ParTech, Inc..

"Equipment Finance Obligor" means the main obligor under the Equipment Finance Agreements.

"Equipment Repurchase Reserve" has the meaning assigned to such term in Section 6.01(b).

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal of the Borrower or any ERISA Affiliate from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition upon the Borrower or any ERISA Affiliate of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bear interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Domestic Subsidiary" means a Domestic Subsidiary that is not engaged in any business or other commercial activities and has total assets with a fair market value of less than $250,000.00.

"Excluded Swap Obligation" means, with respect to any Loan Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Guarantor of, or the grant by such Loan Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) (a) by virtue of such Loan Guarantor's failure for any reason to constitute an ECP at the time the Guarantee of such Loan Guarantor or the grant of such security interest becomes or would become effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to the Lender or required to be withheld or deducted from a payment to the Lender: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of the Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of the Lender with respect to an applicable interest in a Loan, Letter of Credit or Commitment pursuant to a law in effect on the date on which (i) the Lender acquires such interest in the Loan, Letter of Credit or Commitment or (ii) the Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.15, amounts with respect to such Taxes were payable either to the Lender's assignor immediately before the Lender acquired the applicable interest in such Loan, Letter of Credit or Commitment or to the Lender immediately before it changed its lending office and (c) any U.S. federal withholding Taxes imposed under FATCA.

"Exposure" means, at any time, the sum of the aggregate outstanding principal amount of the Lender's Loans and its LC Exposure at such time.

"FATCA" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions (as determined in such manner as the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"Financial Statements" has the meaning assigned to such term in Section 5.01.

"Fixed Charge Coverage Ratio" means the ratio, determined as of the end of each fiscal quarter of the Borrower for the most recently ended four fiscal quarters, of (i) Consolidated EBITDA less unfunded Capital Expenditures (exclusive of ERP upgrade expenses in an amount not to exceed $1,830,000 in 2016 and $2,350,000 in 2017[1]) and *less* capitalized software costs to (ii) cash Interest Expense and required principal payments of long-term Consolidated Indebtedness (including Consolidated Indebtedness incurred in connection with the acquisition of Brink Software, Inc.) *plus* dividends and distributions paid in cash and *plus* taxes paid in cash.

"Fixtures" has the meaning assigned to such term in the Security Agreement.

"Foreign Subsidiary" means any Subsidiary which is not a Domestic Subsidiary.

"Funding Account" has the meaning assigned to such term in Section 4.01(g).

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guaranteed Obligations" has the meaning assigned to such term in Section 9.01.

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[1] Borrower shall indicate the amount of ERP upgrade expenses for each quarter.

"Hazardous Materials" means: (a) any substance, material, or waste that is included within the definitions of "hazardous substances," "hazardous materials," "hazardous waste," "toxic substances," "toxic materials," "toxic waste," or words of similar import in any Environmental Law; (b) those substances listed as hazardous substances by the United States Department of Transportation (or any successor agency) (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) (40 C.F.R. Part 302 and amendments thereto); and (c) any substance, material, or waste that is petroleum, petroleum-related, or a petroleum by-product, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or any other agricultural chemical.

"Impacted Interest Period" has the meaning assigned to such term in the definition of "LIBO Rate".

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (including earn-out payments and other contingent payments of purchase price but excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in the foregoing clause (a), Other Taxes.

"Indemnitee" has the meaning assigned to such term in Section 8.03(b).

"Information" has the meaning assigned to such term in Section 8.12.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.06.

"Interest Expense" means, with reference to any period, total interest expense (including that attributable to Capital Lease Obligations) of the Borrower and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Swap Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP), calculated on a consolidated basis for the Borrower and its Subsidiaries for such period in accordance with GAAP.

"Interest Payment Date" means (a) with respect to any CBFR Loan, the first day of each calendar month for the interest accrued through the last day of the prior calendar month, and the Maturity Date, and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Maturity Date.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Eurodollar Borrowing and ending on the numerically corresponding day in the calendar month that is one, two or three months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Interpolated Rate" means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Lender (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period (for which the LIBO Screen Rate is available) that is shorter than the Impacted Interest Period and (b) the LIBO Screen Rate for the shortest period (for which the LIBO Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

"Inventory" has the meaning assigned to such term in the Security Agreement.

"IRS" means the United States Internal Revenue Service.

"Joinder Agreement" means a Joinder Agreement in substantially the form of Exhibit E.

"LC Collateral Account" has the meaning assigned to such term in Section 2.04(h).

"LC Disbursement" means any payment made by the Lender pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of the Commercial LC Exposure and the Standby LC Exposure at such time.

"Lender" means JPMorgan Chase Bank, N.A., its successors and assigns.

"Letters of Credit" means the letters of credit issued pursuant to this Agreement, and the term "Letter of Credit" means any one of them or each of them singularly, as the context may require.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any applicable Interest Period or for any CBFR Borrowing, the LIBO Screen Rate at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period; provided that, if the LIBO Screen Rate shall not be available at such time for a period equal in length to such Interest Period (an "Impacted Interest Period"), then the LIBO Rate shall be the Interpolated Rate at such time.

"LIBO Screen Rate" means, for any day and time, with respect to any Eurodollar Borrowing for any Interest Period or for any CBFR Borrowing, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for Dollars) for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion); provided that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means, collectively, this Agreement, each promissory note issued pursuant to this Agreement, any Letter of Credit application, each Collateral Document, the Loan Guaranty, and each other agreement, instrument, document and certificate identified in Section 4.01 executed and delivered to, or in favor of, the Lender and including each other pledge, power of attorney, consent, assignment, contract, notice, letter of credit agreement, letter of credit application and each other written matter whether heretofore, now or hereafter executed by or on behalf of any Loan Party, or any employee of any Loan Party, and delivered to the Lender in connection with this Agreement or the transactions contemplated hereby. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Loan Guarantor" means each Loan Party (other than the Borrower).

"Loan Guaranty" means Article IX of this Agreement.

"Loan Parties" means, collectively, the Borrower, each Domestic Subsidiary identified on the signature page to this Agreement and any other Domestic Subsidiary who becomes a party to this Agreement pursuant to a Joinder Agreement in the future, and their successors and assigns, and the term "Loan Party" shall mean any one of them or all of them individually, as the context may require. Excluded Domestic Subsidiaries are not Loan Parties except pursuant to Section 5.13(a).

"Loans" means the loans and advances made by the Lender pursuant to this Agreement.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, properties, liabilities, operations or financial condition of the Borrower and the Subsidiaries taken as a whole, (b) a material impairment of the ability of any Loan Party to perform any of its obligations under the Loan Documents to which it is a party, (c) the Collateral, or the Lender's Liens (on behalf of itself and the other Secured Parties) on the Collateral or the priority of such Liens, or (d) the rights of or benefits available to the Lender under any of the Loan Documents.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding $500,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Maturity Date" means three years from the date of this Agreement (if the same is a Business Day, or if not then the immediately next succeeding Business Day), or any earlier date on which the Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"Maximum Rate" has the meaning assigned to such term in Section 8.16.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Income" means, for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

"Net Proceeds" means, with respect to any event, (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, minus (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a Sale and Leaseback Transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all taxes paid (or reasonably estimated to be payable) and the amount of any reserves established to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer).

"NYFRB" means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day(or for any day that is not a Banking Day, for the immediately preceding Banking Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received to the Lender from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Obligated Party" has the meaning assigned to such term in Section 9.02.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Loan Parties to the Lender or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or reimbursement or other obligations incurred or any of the Letters of Credit or other instruments at any time evidencing any thereof.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Original Indebtedness" has the meaning assigned to such term in Section 6.01(g).

"Other Connection Taxes" means, with respect to the Lender, Taxes imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such Taxes (other than a connection arising from the Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document), or sold or assigned an interest in any Loan, Letter of Credit, or any Loan Document.

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

"Participant" has the meaning assigned to such term in Section 8.04(c).

"Participant Register" has the meaning assigned to such term in Section 8.04(c).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Acquisition" means any Acquisition by the Borrower or its Subsidiaries in a transaction that satisfies each of the following requirements:

(a) such Acquisition is not a hostile or contested acquisition;

(b) the business acquired in connection with such Acquisition is (i) located in the U.S., (ii) organized under U.S. and applicable state laws, and (iii) not engaged, directly or indirectly, in any line of business other than the businesses in which the Borrower or its Subsidiary are engaged on the Effective Date or any business activities that are substantially similar, related, or incidental thereto;

(c) both before and after giving effect to such Acquisition, each of the representations and warranties herein is true and correct (except (i) any such representation or warranty which relates to a specified prior date and (ii) to the extent the Lender has been notified in writing by the Borrower that any representation or warranty is not correct and the Lender has explicitly waived in writing compliance with such representation or warranty) and no Default exists, will exist, or would result therefrom;

(d) as soon as available, but not less than thirty days prior to such Acquisition, the Borrower has provided the Lender (i) notice of such Acquisition and (ii) a copy of all business and financial information reasonably requested by the Lender including pro forma financial statements and statements of cash flow;

(e) if such Acquisition is an acquisition of the Equity Interests of a Person, the Acquisition is structured so that the acquired Person shall become a wholly-owned Subsidiary of the Borrower and, a Loan Guarantor, on terms and conditions satisfactory to the Bank;

(f) if such Acquisition is an acquisition of assets, the Acquisition is structured so that the Borrower or a Subsidiary who is or shall become, on terms and conditions satisfactory to the Lender, a Loan Guarantor shall acquire such assets;

(g) if such Acquisition is an acquisition of Equity Interests, such Acquisition will not result in any violation of Regulation U;

(h) neither Borrower nor its Subsidiary shall, as a result of or in connection with any such Acquisition, assume or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation, or other matters) that could have a Material Adverse Effect or any Indebtedness that is not permitted by this Agreement;

(i) in connection with an Acquisition of the Equity Interests of any Person, all Liens (other than Permitted Encumbrances) on property of such Person shall be terminated, and in connection with an Acquisition of the assets of any Person, all Liens (other than Permitted Encumbrances) on such assets shall be terminated;

(j) the Borrower shall certify to the Lender (and provide the Lender with a pro forma calculation in form and substance reasonably satisfactory to the Lender) that, after giving effect to the completion of such Acquisition, the Consolidated Indebtedness Ratio on a Pro Forma Basis shall be less than or equal to 2.5 to 1.0; and

(k) the Borrower shall certify to the Lender (and provide the Lender with a pro forma calculation in form and substance reasonably satisfactory to the Lender) that, after giving effect to the completion of such Acquisition, the then total aggregate outstanding principal balance of Indebtedness incurred in connection with all Permitted Acquisitions occurring during the term of this Agreement does not exceed $7,500,000.

"Permitted Discretion" means a determination made in good faith and in the exercise of reasonable (from the perspective of a secured asset-based lender) business judgment.

"Permitted Encumbrances" means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment Liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness, except with respect to clause (e) above.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof) to the extent such obligations are backed by the full faith and credit of the United States of America, in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a sale and leaseback transaction) of any property or asset of any Loan Party constituting Collateral, other than dispositions described in Section 6.05; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any Loan Party constituting Collateral.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Lender as its prime rate in effect at its principal offices in New York City. Each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Pro Forma Basis" means, with respect to any event, that the Borrower is in compliance on a pro forma basis with the applicable covenant, calculation or requirement herein recomputed as if the event with respect to which compliance on a Pro Forma Basis is being tested, or Indebtedness incurred in connection therewith, had occurred or been incurred, as the case may be, on the first day of the four fiscal quarter period most recently ended on or prior to such date for which financial statements have been delivered pursuant to Section 5.01(a) or (b), and, to the extent applicable, giving effect to the historical earnings and cash flows associated with the assets acquired or disposed of (but without giving effect to any synergies or cost savings other than in accordance with Article 11 of Regulation S-X under the Securities Act) and any related incurrence or reduction of Indebtedness, all in accordance with Article 11 of Regulation S-X under the Securities Act.

"Projections" has the meaning assigned to such term in Section 5.01(e).

"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant Loan Guaranty or grant of the relevant security interest becomes or would become effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Refinance Indebtedness" has the meaning assigned to such term in Section 6.01(g).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, partners, members, trustees, employees, agents, administrators, managers, representatives and advisors of such Person and such Person's Affiliates.

"Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, disposing, or dumping of any substance into the environment.

"Report" means reports prepared by the Lender or another Person showing the results of appraisals, field examinations or audits pertaining to the Borrower's assets from information furnished by or on behalf of the Borrower, after the Lender has exercised its rights of inspection pursuant to this Agreement.

"Repurchase Agreement" means the Contract Repurchase Agreement between ParTech, Inc. and Wells Fargo Financial Leasing, Inc. dated December 31, 2014.

"Requirement of Law" means, with respect to any Person, (a) the charter, articles or certificate of organization or incorporation and bylaws or operating, management or partnership agreement, or other organizational or governing documents of such Person and (b) any statute, law (including common law), treaty, rule, regulation, code, ordinance, order, decree, writ, judgment, injunction or determination of any arbitrator or court or other Governmental Authority (including Environmental Laws), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests or any option, warrant or other right to acquire any such Equity Interests.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Sale and Leaseback Transaction" has the meaning assigned to such term in Section 6.06.

"Sanctioned Country" means, at any time, a country, region or territory which is the subject or target of any Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury , the U.S. Department of State, or by the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

"SEC" means the Securities and Exchange Commission of the U.S.

"Secured Obligations" means all Obligations, together with all (i) Banking Services Obligations, and (ii) Swap Agreement Obligations owing to the Lender or its Affiliates; provided that the definition of "Secured Obligations" shall not create any guarantee by any Loan Guarantor of (or grant of security interest by any Loan Guarantor to support, as applicable) any Excluded Swap Obligations of such Loan Guarantor for purposes of determining any obligations of any Loan Guarantor.

"Secured Parties" means (a) the Lender, (b) each provider of Banking Services, to the extent the Banking Services Obligations in respect thereof constitute Secured Obligations, (c) each counterparty to any Swap Agreement, to the extent the obligations thereunder constitute Secured Obligations, (d) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document and (e) the successors and assigns of each of the foregoing.

"Security Agreement" means that certain Pledge and Security Agreement (including any and all supplements thereto), dated as of September 9, 2014, as amended by Omnibus Amendment dated as of the date hereof, among the Loan Parties and the Lender, for the benefit of the Secured Parties, and any other pledge or security agreement entered into, after the date of this Agreement by any other Loan Party (as required by this Agreement or any other Loan Document) or any other Person for the benefit of the Lender, on behalf of the Secured Parties, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Standby LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all standby Letters of Credit outstanding at such time *plus* (b) the aggregate amount of all LC Disbursements relating to standby Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower at such time.

"Statement" has the meaning assigned to such term in Section 2.16(d).

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Lender is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D of the Board. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to the Lender under such Regulation D of the Board or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Indebtedness" of a Person means any Indebtedness of such Person, the payment of which is subordinated to payment of the Secured Obligations to the written satisfaction of the Lender.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held , or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any direct or indirect subsidiary of the Borrower or a Loan Party, as applicable.

"Swap Agreement" means any agreement with respect to any swap, forward, spot, future, credit default or derivative transaction or any option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

"Swap Agreement Obligations" means any and all obligations of the Loan Parties or their Subsidiaries, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any Swap Agreement permitted hereunder with the Lender or an Affiliate of the Lender, and (b) any cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction permitted hereunder with the Lender or an Affiliate of the Lender.

"Swap Obligation" means, with respect to a Person, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Transactions" means the execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the CB Floating Rate.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or in any other state, the laws of which are required to be applied in connection with the issue of perfection of security interests.

"Unliquidated Obligations" means, at any time, any Secured Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Secured Obligation that is: (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (ii) any other obligation (including any guarantee) that is contingent in nature at such time; or (iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a "Eurodollar Loan"). Borrowings also may be classified and referred to by Type (e.g., a "Eurodollar Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply) and all judgments, orders and decrees of all Governmental Authorities. The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignments set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this

Agreement, (f) any reference in any definition to the phrase “at any time” or “for any period” shall refer to the same time or period for all calculations or determinations within such definition, and (g) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if after the date hereof there occurs any change in GAAP or in the application thereof on the operation of any provision hereof and the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of such change in GAAP or in the application thereof (or if the Lender notifies the Borrower that the Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

SECTION 1.05. Pro Forma Adjustments for Acquisitions and Dispositions. To the extent the Borrower or any Subsidiary makes any Permitted Acquisition or disposition of assets outside the ordinary course of business permitted by Section 6.05 during the period of four fiscal quarters of the Borrower most recently ended, the Consolidated Indebtedness Ratio shall be calculated after giving pro forma effect thereto (including pro forma adjustments arising out of events which are directly attributable to the acquisition or the disposition of assets, are factually supportable and are expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the SEC, and as certified by a Financial Officer), as if such acquisition or such disposition (and any related incurrence, repayment or assumption of Indebtedness) had occurred in the first day of such four-quarter period.

ARTICLE II

The Credits

SECTION 2.01. Commitment. Subject to the terms and conditions set forth herein, the Lender agrees to make Loans in dollars to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) the Exposure exceeding the lesser of (x) the Commitment or (y) the Borrowing Base. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

SECTION 2.02. Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type.

(b) Subject to Section 2.12, each Borrowing shall be comprised entirely of CBFR Loans or Eurodollar Loans as the Borrower may request in accordance herewith, provided that all Borrowings made on the Effective Date must be made as CBFR Borrowings but may be converted into Eurodollar Borrowings in accordance with Section 2.06. The Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of the Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.12, 2.13, 2.14 and 2.15 shall apply to such Affiliate to the same extent as to the Lender); provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $500,000. CBFR Borrowings shall be in an aggregate amount that is an integral multiple of $50,000 and not less than $50,000; provided that a CBFR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitment or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.04(d). Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of fourteen Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Lender of such request either in writing (delivered by hand or fax) in the form attached hereto as Exhibit B and signed by the Borrower or by telephone or through Electronic System, if arrangements for doing so have been approved by the Lender, (a) in the case of a Eurodollar Borrowing, not later than 10:00 a.m., New York time, three (3) Business Days before the date of the proposed Borrowing or (b) in the case of a CBFR Borrowing, not later than noon, New York time, one Business Day before the date of the proposed Borrowing; provided that any such notice of a CBFR Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.04(d) may be given not later than 9:00 a.m., New York time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery, fax or a communication through Electronic System to the Lender of a written Borrowing Request in a form approved by the Lender and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.01:

(i) the aggregate amount of the requested Borrowing, and a breakdown of the separate wires comprising such Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a CBFR Borrowing or a Eurodollar Borrowing; and

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period."

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be a CBFR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

SECTION 2.04. Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit denominated in dollars as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Lender, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control. The Borrower unconditionally and irrevocably agrees that, in connection with any Letter of Credit issued for the support of any Subsidiary's obligations as provided in the first sentence of this paragraph, the Borrower will be fully responsible for the reimbursement of LC Disbursements in accordance with the terms hereof, the payment of interest thereon and the payment of fees due under Section 2.10(b) to the same extent as if it were the sole account party in respect of such Letter of Credit (the Borrower hereby irrevocably waiving any defenses that might otherwise be available to it as a guarantor or surety of the obligations of such Subsidiary that is an account party in respect of any such Letter of Credit). Notwithstanding anything herein to the contrary, the Lender shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit (i) the proceeds of which would be made available to any Person (A) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (B) in any manner that would result in a violation of any Sanctions by any party to this Agreement, (ii) if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Lender from issuing such Letter of Credit, or any Requirement of Law relating to the Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Lender shall prohibit, or request that the Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Lender is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the Lender any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Lender in good faith deems material to it, or (iii) if the issuance of such Letter of Credit would violate one or more policies of the Lender applicable to letters of credit generally; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed not to be in effect on the Effective Date for purposes of clause (ii) above, regardless of the date enacted, adopted, issued or implemented.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or fax (or transmit through Electronic System, if arrangements for doing so have been approved by the Lender) to the Lender (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than three (3) Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Lender, the Borrower also shall submit a letter of credit application on the Lender's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $2,500,000, (ii) the Standby LC Exposure shall not exceed $500,000, (iii) the Commercial LC Exposure shall not exceed $2,000,000 and (iv) the Exposure shall not exceed the lesser of the Commitment and the Borrowing Base.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination or non-renewal by notice from the Lender to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, including, without limitation, any automatic renewal provision), one year after such renewal or extension, and (ii) the date that is five Business Days prior to the Maturity Date.

(d) Reimbursement. If the Lender shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Lender an amount equal to such LC Disbursement not later than 11:00 a.m., New York time, on (i) the Business Day that the Borrower receives notice of such LC Disbursement, if such notice is received prior to 9:00 a.m., New York time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is received after 9:00 a.m., New York time, on the day of receipt; provided that, if such LC Disbursement is greater than or equal to $50,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with a CBFR Borrowing in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting CBFR Borrowing.

(e) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (d) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein or herein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Lender under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, (iv) the fact that the Letter of Credit may have been issued for the account of one of Borrower's Subsidiaries, or (v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Lender nor any of its Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit, any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Lender; provided that the foregoing shall not be construed to excuse the Lender from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Lender's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Lender (as finally determined by a court of competent jurisdiction), the Lender shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Lender may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(f) Disbursement Procedures. The Lender shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Lender shall promptly notify the Borrower by telephone (confirmed by fax) of such demand for payment and whether the Lender has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Lender with respect to any such LC Disbursement.

(g) Interim Interest. If the Lender shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to CBFR Loans and such interest shall be due and payable on the date when such reimbursement is due; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (d) of this Section, then Section 2.11(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Lender.

(h) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Lender demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Lender, in the name and for the benefit of the Lender (the "LC Collateral Account"), an amount in cash equal to 105% of the amount of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Article VII. The Borrower also shall deposit cash collateral in accordance with this paragraph as and to the extent required by Section 2.09(b). Each such deposit shall be held by the Lender as collateral for the payment and performance of the Secured Obligations. The Lender shall have exclusive dominion and control, including the exclusive right of withdrawal, over the LC Collateral Account and the Borrower hereby grants the Lender a security interest in the LC Collateral Account and all moneys or other assets on deposit therein or credited thereto. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Lender and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Lender for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated, be applied to satisfy other Secured Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all such Events of Default have been cured or waived as confirmed in writing by the Lender.

(i) LC Exposure Determination. For all purposes of this Agreement, the amount of a Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at the time of determination.

SECTION 2.05. Funding of Borrowings. The Lender shall make each Loan to be made by it hereunder on the proposed date thereof available to the Borrower by promptly crediting the amounts in immediately available funds, to the Funding Account; provided that CBFR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.04(d) shall be remitted to the Lender.

SECTION 2.06. Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Lender of such election by telephone or through Electronic System, if arrangements for doing so have been approved by the Lender, by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery, fax or Electronic System to the Lender of a written Interest Election Request in a form approved by the Lender and signed by the Borrower.

(c) Each telephonic and written Interest Election Request (including requests submitted through Electronic System) shall specify the following information in compliance with Section 2.03:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be a CBFR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a CBFR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Lender so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to a CBFR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.07. Termination and Reduction of Commitment.

(a) Unless previously terminated, the Commitment shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate the Commitment upon (i) the payment in full of all outstanding Loans and LC Disbursements, together with accrued and unpaid interest thereon, (ii) the cancellation and return of all outstanding Letters of Credit (or alternatively, with respect to each such Letter of Credit, the furnishing to the Lender of a cash deposit (or at the discretion of the Lender a backup standby letter of credit satisfactory to the Lender) in an amount equal to 105% of the LC Exposure as of such date), (iii) the payment in full of the accrued and unpaid fees, including applicable Prepayment Fee (if any), and (iv) the payment in full of all reimbursable expenses and other Obligations together with accrued and unpaid interest thereon.

(c) The Borrower may from time to time reduce the Commitment; provided that (i) each reduction of the Commitment shall be in an amount that is an integral multiple of $500,000 and not less than $500,000 and (ii) the Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.09, the Exposure would exceed the Commitment.

(d) The Borrower shall notify the Lender of any election to terminate or reduce the Commitment under paragraph (b) or (c) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Lender on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitment shall be permanent.

SECTION 2.08. Repayment and Amortization of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay the Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) On each Business Day, the Lender may, in its Permitted Discretion, apply all funds credited to the Collection Account on such Business Day or the immediately preceding Business Day (in the Permitted Discretion of the Lender, whether or not immediately available) first to prepay the Loans and to cash collateralize outstanding LC Exposure.

(c) The Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to the Lender resulting from each Loan made by the Lender, including the amounts of principal and interest payable and paid to the Lender from time to time hereunder.

(d) The Lender shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, if any, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to the Lender hereunder and (iii) the amount of any sum received by the Lender hereunder.

(e) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of the Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(f) The Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to the Lender a promissory note payable to the order of the Lender (or, if requested by the Lender, to the Lender and its registered assigns) and in a form approved by the Lender. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 8.04) be represented by one or more promissory notes in such form.

SECTION 2.09. Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (e) of this Section and, if applicable, payment of any break funding expenses under Section 2.14.

(b) In the event and on such occasion that the Exposure exceeds the lesser of (A) the Commitment and (B) the Borrowing Base, the Borrower shall prepay the Loans and/or LC Exposure (or, if no such Borrowings are outstanding, deposit cash collateral in the LC Collateral Account in an aggregate amount equal to such excess, in accordance with Section 2.04(h)).

(c) In the event and on each occasion that any Net Proceeds are received by or on behalf of any Loan Party or any Subsidiary in respect of any Prepayment Event, the Borrower shall, immediately after such Net Proceeds are received by any Loan Party or Subsidiary, prepay the Obligations and cash collateralize the LC Exposure as set forth in Section 2.09(d) below in an aggregate amount equal to 100% of such Net Proceeds, provided that, in the case of any event described in clause (a) or (b) of the definition of the term "Prepayment Event", if the Borrower shall deliver to the Lender a certificate of a Financial Officer to the effect that the Loan Parties intend to apply the Net Proceeds from such event (or a portion thereof specified in such certificate), within 90 days after receipt of such Net Proceeds, to acquire (or replace or rebuild) real property, equipment or other tangible assets (excluding inventory) to be used in the business of the Loan Parties, and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds specified in such certificate; provided that to the extent of any such Net Proceeds that have not been so applied by the end of such 90-day period, a prepayment shall be required at such time in an amount equal to such Net Proceeds that have not been so applied.

(d) All prepayments required to be made pursuant to Section 2.09(c) shall be applied, first to prepay the Loans with a corresponding reduction in the Commitment and second to cash collateralize the outstanding LC Exposure; provided that all prepayments required to be made pursuant to Section 2.09(c) with respect to Net Proceeds arising from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding, to the extent they arise from casualties or losses to cash or Inventory (a Prepayment Event described in clause (b) of the definition thereof), shall be applied, first, to prepay the Loans without a corresponding reduction in the Commitment and second, to cash collateralize outstanding LC Exposure.

(e) The Borrower shall notify the Lender by telephone (confirmed by fax) or through Electronic System, if arrangements for doing so have been approved by the Lender, of any prepayment under this Section: (i) in the case of prepayment of a Eurodollar Borrowing, not later than 10:00 a.m., New York time, three (3) Business Days before the date of prepayment, or (ii) in the case of prepayment of a CBFR Borrowing, not later than 10:00 a.m., New York time, one (1) Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that if a notice of prepayment is given in connection with a conditional notice of termination of the Commitment as contemplated by Section 2.07, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.07. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.11 and (ii) break funding payments pursuant to Section 2.14.

SECTION 2.10. Fees.

(a) The Borrower agrees to pay to the Lender a commitment fee, which shall accrue at the Applicable Rate on the daily amount of the undrawn portion of the Commitment of the Lender during the period from and including the Effective Date to but excluding the date on which the Lender's Commitment terminates; it being understood that the LC Exposure shall be included in the drawn portion of the Commitment for purposes of calculating the commitment fee. Accrued commitment fees shall be payable in arrears on the last day of each March, June, September and December of each year and on the date on which the Commitment terminates, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Lender a letter of credit fee with respect to Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurodollar Loans on the daily amount of the Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which the Lender's Commitment terminates and the date on which the Lender ceases to have any LC Exposure, and (ii) the Lender's standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Letter of credit fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitment terminates and any such fees accruing after the date on which the Commitment terminates shall be payable on demand. Any other fees payable to the Lender pursuant to this paragraph shall be payable within ten (10) days after demand. All letter of credit fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Lender. Fees paid shall not be refundable under any circumstances.

SECTION 2.11. Interest.

(a) The Loans comprising each CBFR Borrowing shall bear interest at the CB Floating Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, during the occurrence and continuance of an Event of Default, the Lender may, at its option, by notice to the Borrower, declare that (i) all Loans shall bear interest at 2% plus the rate otherwise applicable to such Loans as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount outstanding hereunder, such amount shall accrue at 2% plus the rate applicable to such fee or other obligation as provided hereunder.

(d) Accrued interest on each Loan (for CBFR Loans, accrued through the last day of the prior calendar month) shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitment; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of a CBFR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the CB Floating Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable CB Floating Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Lender, and such determination shall be conclusive absent manifest error.

SECTION 2.12. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Lender determines (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining (including, without limitation, by means of an Interpolated Rate) the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Lender determines the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to the Lender of making or maintaining its Loan included in such Borrowing for such Interest Period;

then the Lender shall give notice thereof to the Borrower by telephone, fax or through Electronic System as provided in Section 8.01 as promptly as practicable thereafter and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and any such Eurodollar Borrowing shall be repaid on the last day of the then current Interest Period applicable thereto, and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as a CBFR Borrowing.

SECTION 2.13. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, the Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on the Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by the Lender or any Letter of Credit; or

(iii) subject the Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) and (c) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to the Lender of making, continuing, converting into or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to the Lender of issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) If the Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement, the Commitment of or the Loans made by the Lender or the Letters of Credit issued by the Lender to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

(c) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.14. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.09), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.07(d) and is revoked in accordance therewith), then, in any such event, the Borrower shall compensate the Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to the Lender shall be deemed to include an amount determined by the Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Eurodollar Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Eurodollar Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which the Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of the Lender setting forth any amount or amounts that the Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 2.15. Taxes.

(a) Withholding Taxes; Gross-Up; Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.15), the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Lender, timely reimburse it for, Other Taxes.

(c) Evidence of Payment. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 2.15, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment, or other evidence of such payment reasonably satisfactory to the Lender.

(d) Indemnification by the Borrower. The Borrower shall indemnify the Lender, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by the Lender or required to be withheld or deducted from a payment to the Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(e) Treatment of Certain Refunds. If the Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.15 (including by the payment of additional amounts pursuant to this Section 2.15), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.15 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of the Lender, shall repay to the Lender the amount paid to the Lender (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event the Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Lender be required to pay any amount to any indemnifying party pursuant to this paragraph (e), the payment of which would place the Lender in a less favorable net after-Tax position than the Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph (e) shall not be construed to require the Lender to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(f) Survival. Each party's obligations under this Section 2.15 shall survive the resignation or replacement of the Lender or any assignment of rights by, or the replacement of, the Lender, the termination of the Commitment and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(g) Defined Terms. For purposes of this Section 2.15, the term "applicable law" includes FATCA.

SECTION 2.16. Payments Generally; Allocation of Proceeds.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Sections 2.13, 2.14 or 2.15, or otherwise) prior to 2:00 p.m., New York time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender at its offices at 500 Plum Street, Syracuse, New York or to such other location as the Lender may direct in writing. Unless otherwise provided for herein, if any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) Any proceeds of Collateral received by the Lender (i) not constituting either (A) a specific payment of principal, interest, fees or other sum payable under the Loan Documents (which shall be applied as specified by the Borrower), or (B) a mandatory prepayment (which shall be applied in accordance with Section 2.09) or (ii) after an Event of Default has occurred and is continuing and the Lender so elects, such funds shall be applied ratably first, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Lender from the Borrower, second, to pay interest then due and payable on the Loans ratably, third, to prepay principal on the Loans and unreimbursed LC Disbursements and to pay any amounts owing with respect to Swap Agreement Obligations, ratably, fourth, to pay an amount to the Lender equal to one hundred five percent (105%) of the aggregate LC Exposure, to be held as cash collateral for such Obligations, fifth, to the payment of any amounts owing with respect to Banking Services Obligations, and sixth, to the payment of any other Secured Obligation due to the Lender from the Borrower or any other Loan Party. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Borrower, or unless a Default is in existence, the Lender shall not apply any payment which it receives to any Eurodollar Loan, except (i) on the expiration date of the Interest Period applicable thereto, or (ii) in the event, and only to the extent, that there are no outstanding CBFR Loans of the same Class and, in any such event, the Borrower shall pay the break funding payment required in accordance with Section 2.14. The Lender shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Secured Obligations.

(c) At the election of the Lender, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses (including, without limitation, all reimbursement for fees, costs and expenses pursuant to Section 8.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder, whether made following a request by the Borrower pursuant to Section 2.03 or a deemed request as provided in this Section or may be deducted from any deposit account of the Borrower maintained with the Lender. The Borrower hereby irrevocably authorizes (i) the Lender to make a Borrowing for the purpose of paying each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents and agrees that all such amounts charged shall constitute Loans, and that all such Borrowings shall be deemed to have been requested pursuant to Sections 2.03 and (ii) the Lender to charge any deposit account of the Borrower maintained with the Lender for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) The Lender may from time to time provide the Borrower with account statements or invoices with respect to any of the Secured Obligations (the "Statements"). The Lender is under no duty or obligation to provide Statements, which, if provided, will be solely for the Borrower's convenience. Statements may contain estimates of the amounts owed during the relevant billing period, whether of principal, interest, fees or other Secured Obligations. If the Borrower pays the full amount indicated on a Statement on or before the due date indicated on such Statement, the Borrower shall not be in default of payment with respect to the billing period indicated on such Statement; provided, that acceptance by the Lender of any payment that is less than the total amount actually due at that time (including but not limited to any past due amounts) shall not constitute a waiver of the Lender's right to receive payment in full at another time.

SECTION 2.17. Indemnity for Returned Payments. If after receipt of any payment which is applied to the payment of all or any part of the Obligations (including a payment effected through exercise of a right of setoff), the Lender is for any reason compelled to surrender such payment or proceeds to any Person because such payment or application of proceeds is invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason (including pursuant to any settlement entered into by the Lender in its discretion), then the Obligations or part thereof intended to be satisfied shall be revived and continued and this Agreement shall continue in full force as if such payment or proceeds had not been received by the Lender. The provisions of this Section 2.17 shall be and remain effective notwithstanding any contrary action which may have been taken by the Lender in reliance upon such payment or application of proceeds. The provisions of this Section 2.17 shall survive the termination of this Agreement.

ARTICLE III

Representations and Warranties

Each Loan Party represents and warrants to the Lender that (and where applicable, agrees):

SECTION 3.01. Organization; Powers. Each Loan Party and each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02. Authorization; Enforceability. The Transactions to which a Loan Party is a party to or a participant therein are within each Loan Party's organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders. Each Loan Document to which a Loan Party is a party has been duly executed and delivered by such Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except for filings necessary to perfect Liens created pursuant to the Loan Documents, (b) will not violate any Requirement of Law applicable to any Loan Party or any Subsidiary, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Loan Party or any Subsidiary or the assets of any Loan Party or any Subsidiary, or give rise to a right thereunder to require any payment to be made by any Loan Party or any Subsidiary, and (d) will not result in the creation or imposition of any Lien on any asset of any Loan Party or any Subsidiary, except Liens created pursuant to the Loan Documents.

SECTION 3.04. Financial Condition; No Material Adverse Change.

(a) The Borrower has heretofore furnished to the Lender its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended December 31, 2015, reported on by BDO USA, LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended September 30, 2016, certified by a Financial Officer. Such financial statements present fairly, in all material respects, the financial condition and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to normal year-end audit adjustments all of which, when taken as a whole, would not be materially adverse and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) No event, change or condition has occurred that has had, or could reasonably be expected to have, a Material Adverse Effect, since December 31, 2015.

SECTION 3.05. Properties.

(a) As of the date of this Agreement, Schedule 3.05 sets forth the address of each parcel of real property located in the United States that is owned or leased by any Loan Party containing Collateral having a value in excess of $75,000. Each of such leases and subleases is valid and enforceable in accordance with its terms and is in full force and effect and, to the knowledge of the Loan Party which is the counterparty to such lease or sublease, no default by any party to any such lease or sublease exists. Each of the Loan Parties and each Subsidiary has good and indefeasible title to, or valid leasehold interests in, all of its real and personal property, free of all Liens other than those permitted by Section 6.02.

(b) Each Loan Party and each Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property that are reasonably necessary to its business as currently conducted, a correct and complete list of which, as of the date of this Agreement, is set forth on Schedule 3.05 and, to the knowledge of the Loan Parties, the use thereof by each Loan Party and each Subsidiary does not infringe upon the rights held by any other Person, and each Loan Party's and each Subsidiary's rights thereto are not subject to any licensing agreement or similar arrangement.

SECTION 3.06. Litigation and Environmental Matters.

(a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Loan Party, threatened against or affecting any Loan Party or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters set forth on Schedule 3.06) or (ii) that involve any Loan Document or the Transactions.

(b) Except for the Disclosed Matters, (i) no Loan Party or any Subsidiary has received notice of any claim with respect to any Environmental Liability or knows of any basis for any Environmental Liability and (ii) and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, no Loan Party or any Subsidiary (A) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law (B) has become subject to any Environmental Liability, (C) has received notice of any claim with respect to any Environmental Liability or (D) knows of any basis for any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.07. Compliance with Laws and Agreements; No Default. Except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, each Loan Party and each Subsidiary is in compliance with (i) all Requirements of Law applicable to it or its property and (ii) all indentures, agreements and other instruments binding upon it or its property. No Default has occurred and is continuing.

SECTION 3.08. Investment Company Status. No Loan Party or any Subsidiary is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09. Taxes. Each Loan Party and each Subsidiary has timely filed or caused to be filed all Tax returns and reports required to be filed and has paid or caused to be paid all Taxes required to be paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Loan Party or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not be expected to result in a Material Adverse Effect. No tax liens have been filed and no claims are being asserted with respect to any such taxes.

SECTION 3.10 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements delivered pursuant to Section 5.01 (a) or Section 5.01(b) reflecting such amounts, exceed by more than $1,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $1,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. The Loan Parties have disclosed to the Lender all agreements, instruments and corporate or other restrictions to which any Loan Party or any Subsidiary is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party or any Subsidiary to the Lender in connection with the negotiation of this Agreement or any other Loan Document (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time delivered and, if such projected financial information was delivered prior to the Effective Date, as of the Effective Date.

SECTION 3.12. Material Agreements. No Loan Party or any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any material agreement to which it is a party, other than defaults which could not reasonably be expected to have a Material Adverse Effect, or (ii) any agreement or instrument evidencing or governing Indebtedness.

SECTION 3.13. Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date, (i) the fair value of the assets of each Loan Party, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (ii) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) no Loan Party will have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted after the Effective Date.

SECTION 3.14. Insurance. Schedule 3.14 sets forth a description of all property and liability insurance maintained by or on behalf of the Loan Parties and their Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid. The Loan Parties believe that the insurance maintained by or on behalf of the Loan Parties and their Subsidiaries is adequate and is customary for companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 3.15. Capitalization and Subsidiaries. Schedule 3.15 sets forth (a) a correct and complete list of the name and relationship to the Borrower of each Subsidiary, (b) a true and complete listing of each class of each of the Borrower's authorized Equity Interests, of which all of such issued Equity Interests are validly issued, outstanding, fully paid and non-assessable, and owned beneficially and of record by the Persons identified on Schedule 3.15, and (c) the type of entity of the Borrower and each Subsidiary. All of the issued and outstanding Equity Interests owned by any Loan Party have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

SECTION 3.16. Security Interest in Collateral. The provisions of this Agreement and, subject to any filings, stampings and registrations necessary to create and/or perfect the Lien granted by the other Loan Documents, the other Loan Documents create legal and valid Liens on all the Collateral in favor of the Lender, for the benefit of the Secured Parties, and such Liens constitute perfected and continuing Liens on the Collateral, securing the Secured Obligations, enforceable against the applicable Loan Party and all third parties, and having priority over all other Liens on the Collateral except in the case of (a) Permitted Encumbrances, to the extent any such Permitted Encumbrances would have priority over the Liens in favor of the Lender pursuant to any applicable law or agreement and (b) Liens perfected only by possession (including possession of any certificate of title), to the extent the Lender has not obtained or does not maintain possession of such Collateral.

SECTION 3.17. Employment Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against any Loan Party or any Subsidiary pending or, to the knowledge of any Loan Party, threatened. The hours worked by and payments made to employees of the Loan Parties and their Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable federal, state, local or foreign law dealing with such matters. All payments due from any Loan Party or any Subsidiary, or for which any claim may be made against any Loan Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Loan Party or such Subsidiary.

SECTION 3.18. Federal Reserve Regulations. No part of the proceeds of any Loan or Letter of Credit has been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.19. Use of Proceeds. The proceeds of the Loans have been used and will be used, whether directly or indirectly as set forth in Section 5.08.

SECTION 3.20. No Burdensome Restrictions. No Loan Party is subject to any Burdensome Restrictions except Burdensome Restrictions permitted under Section 6.10.

SECTION 3.21. Anti-Corruption Laws and Sanctions. Each Loan Party has implemented and maintains in effect policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and such Loan Party, its Subsidiaries and their respective officers and employees and to the knowledge of such Loan Party its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) any Loan Party, any Subsidiary or, to the knowledge of any such Loan Party or Subsidiary, any of their respective directors, officers or employees, or (b) to the knowledge of any such Loan Party or Subsidiary, any agent of such Loan Party or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds, Transaction or other transaction contemplated by this Agreement or the other Loan Documents will violate Anti-Corruption Laws or applicable Sanctions.

SECTION 3.22. Affiliate Transactions. Except as set forth on Schedule 3.22, as of the date of this Agreement, there are no existing or proposed agreements, arrangements, understandings, or transactions between any Loan Party and any of the officers, members, managers, directors, stockholders, parents, holders of other Equity Interests, employees, or Affiliates (other than Subsidiaries) of any Loan Party or any members of their respective immediate families, and none of the foregoing Persons are directly or indirectly indebted to or have any direct or indirect ownership, partnership, or voting interest in any Affiliate of any Loan Party or any Person with which any Loan Party has a business relationship or which competes with any Loan Party.

SECTION 3.23. Common Enterprise.. The successful operation and condition of each of the Loan Parties is dependent on the continued successful performance of the functions of the group of the Loan Parties as a whole and the successful operation of each of the Loan Parties is dependent on the successful performance and operation of each other Loan Party. Each Loan Party expects to derive benefit (and its board of directors or other governing body has determined that it may reasonably be expected to derive benefit), directly and indirectly, from (i) successful operations of each of the other Loan Parties and (ii) the credit extended by the Lender to the Borrower hereunder, both in their separate capacities and as members of the group of companies. Each Loan Party has determined that execution, delivery, and performance of this Agreement and any other Loan Documents to be executed by such Loan Party is within its purpose, will be of direct and indirect benefit to such Loan Party, and is in its best interest.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lender to make Loans and to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 8.02):

(a) Credit Agreement and Loan Documents. The Lender (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Lender (which may include fax or other electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Loan Documents and such other certificates, documents, instruments and agreements as the Lender shall reasonably request in connection with the transactions contemplated by this Agreement and the other Loan Documents, including a written opinion of the Loan Parties' counsel, addressed to the Lender in substantially the form of Exhibit A.

(b) Closing Certificates; Certified Certificate of Incorporation; Good Standing Certificates. The Lender shall have received (i) a certificate of each Loan Party, dated the Effective Date and executed by its Secretary or Assistant Secretary, which shall (A) certify the resolutions of its Board of Directors, members or other body authorizing the execution, delivery and performance of the Loan Documents to which it is a party, (B) identify by name and title and bear the signatures of the officers of such Loan Party authorized to sign the Loan Documents to which it is a party and, in the case of the Borrower, its Financial Officers, and (C) contain appropriate attachments, including the charter, articles or certificate of organization or incorporation of each Loan Party certified as true and correct by the Secretary or Assistant Secretary, and a true and correct copy of its by-laws or operating, management or partnership agreement, or other organizational or governing documents, or a certification that there have been no changes to the foregoing since the last date copies were furnished to the Lender, and (ii) a long form good standing certificate for each Loan Party from its jurisdiction of organization.

(c) No Default Certificate. The Lender shall have received a certificate, signed by a Financial Officer of the Borrower, dated as of the Effective Date (i) stating that no Default has occurred and is continuing, (ii) stating that the representations and warranties contained in the Loan Documents are true and correct as of such date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date), and (iii) certifying as to any other factual matters as may be reasonably requested by the Lender.

(d) Fees. The Lender shall have received all fees required to be paid, and all expenses required to be reimbursed for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Effective Date. All such amounts will be paid with proceeds of Loans made on the Effective Date and will be reflected in the funding instructions given by the Borrower to the Lender on or before the Effective Date.

(e) Lien Searches. The Lender shall have received the results of a recent lien search in the jurisdiction of organization of each Loan Party and each jurisdiction where assets of the Loan Parties are located, and such search shall reveal no Liens on any of the assets of the Loan Parties except for liens permitted by Section 6.02 or discharged on or prior to the Effective Date pursuant to a pay-off letter or other documentation satisfactory to the Lender.

(f) Pay-off Letters. The Lender shall have received satisfactory pay-off letters for all existing Indebtedness required to be repaid and which confirms that all Liens upon any of the property of the Loan Parties constituting Collateral will be terminated concurrently with such payment and all letters of credit issued or guaranteed as part of such Indebtedness shall have been cash collateralized or supported by a Letter of Credit.

(g) Funding Account. The Lender shall have received a notice setting forth the deposit account of the Borrower (the "Funding Account") to which the Lender is authorized by the Borrower to transfer the proceeds of any Borrowings requested or authorized pursuant to this Agreement.

(h) Collateral Access and Control Agreements. The Lender shall have received each of (i) a Collateral Access Agreement required to be provided pursuant to the Security Agreement and (ii) a deposit account control agreement required to be provided pursuant to the Security Agreement.

(i) Borrowing Base Certificate. The Lender shall have received a Borrowing Base Certificate which calculates the Borrowing Base as of the end of the month immediately preceding the Effective Date.

(j) Pledged Equity Interests; Stock Powers; Notes. The Lender shall have received (i) the certificates representing the Equity Interests pledged pursuant to the Security Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Lender pursuant to the Security Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(k) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by the Collateral Documents or under law or reasonably requested by the Lender to be filed, registered or recorded in order to create in favor of the Lender, for the benefit of the Secured Parties, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 6.02), shall be in proper form for filing, registration or recordation.

(l) Insurance. The Lender shall have received evidence of insurance coverage in form, scope, and substance reasonably satisfactory to the Lender and otherwise in compliance with the terms of Section 5.10 of this Agreement and the Security Agreement.

(m) USA PATRIOT Act, Etc. The Lender shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including USA PATRIOT Act, and a properly completed and signed IRS Form W-8 or W-9, as applicable, for each Loan Party.

(n) Other Documents. The Lender shall have received such other documents as the Lender or its counsel may have reasonably requested.

The Lender shall notify the Borrower of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lender to make Loans and to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 8.02).

SECTION 4.02. Each Credit Event. The obligation of the Lender to make a Loan on the occasion of any Borrowing, and to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct in all material respects with the same effect as though made on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

(c) After giving effect to any Borrowing or the issuance, amendment, renewal or extension of any Letter of Credit, Availability shall not be less than zero.

(d) No event shall have occurred and no condition shall exist which has or could be reasonably expected to have a Material Adverse Effect.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b), (c) and(d) of this Section.

ARTICLE V

Affirmative Covenants

Until the Commitment shall have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case without any pending draw, and all LC Disbursements shall have been reimbursed, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lender that:

SECTION 5.01. Financial Statements; Borrowing Base and Other Information. The Borrower will furnish to the Lender:

(a) within 90 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by BDO USA, LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification, commentary or exception, and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of the Borrower, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of such fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above (collectively or individually, as the context requires, the "Financial Statements"), a certificate of a Financial Officer in substantially the form of Exhibit D (i) certifying, in the case of the Financial Statements delivered under clause (b) above, as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, (ii) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (iii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.12 and, concurrently with the delivery of Financial Statements under clause (a) above, Sections 6.04(c)(ii), 6.04(d)(ii) and 6.04(e)(ii), and (iv) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the Financial Statements accompanying such certificate;

(d) concurrently with any delivery of Financial Statements under clause (a) above, a certificate of the accounting firm that reported on such Financial Statements stating whether they obtained knowledge during the course of their examination of such Financial Statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as available, but in any event no later than 120 days after the end of each fiscal year of the Borrower, a copy of the plan and forecast (including a projected consolidated and consolidating balance sheet, income statement and cash flow statement) of the Borrower for the upcoming fiscal year (the "Projections") in form reasonably satisfactory to the Lender;

(f) as soon as available but in any event within 20 days of the end of each calendar month, and at such other times as may be requested by the Lender, as of the period then ended, a Borrowing Base Certificate and supporting information in connection therewith, together with any additional reports with respect to the Borrowing Base as the Lender may reasonably request;

(g) as soon as available but in any event within 20 days of the end of each calendar month, and at such other time or times as may be requested by the Lender, as of the period then ended, all delivered in a format acceptable to the Lender:

(i) a detailed aging of the Borrower's Accounts (1) including all invoices aged by invoice date and due date (with an explanation of the terms offered) and (2) reconciled to the Borrowing Base Certificate delivered as of such date prepared in a manner reasonably acceptable to the Lender, together with a summary specifying the name, address, and balance due for each Account Debtor;

(ii) a schedule detailing the Borrower's Inventory, in form satisfactory to the Lender, (1) by location (showing Inventory in transit, any Inventory located with a third party under any consignment, bailee arrangement, or warehouse agreement), by class (raw material, work-in-process and finished goods), by product type, and by volume on hand, which Inventory shall be valued at the lower of cost (determined on a first-in, first-out basis) or market, (2) including a report of any variances or other results of Inventory counts performed by the Borrower since the last Inventory schedule (including information regarding sales or other reductions, additions, returns, credits issued by Borrower and complaints and claims made against the Borrower), and (3) reconciled to the Borrowing Base Certificate delivered as of such date;

(iii) a worksheet of calculations prepared by the Borrower to determine Eligible Accounts and Eligible Inventory, such worksheets detailing the Accounts and Inventory excluded from Eligible Accounts and Eligible Inventory and the reason for such exclusion; and

(iv) a reconciliation of the Borrower's Accounts and Inventory between the amounts shown in the Borrower's general ledger and financial statements and the reports delivered pursuant to clauses (i) and (ii) above;

(h) at such time or times as may be reasonably requested by the Lender, as of the period so requested, a schedule and aging of the Borrower's accounts payable, delivered in a format acceptable to the Lender;

(i) promptly upon the Lender's request:

(i) copies of invoices in connection with the invoices issued by the Borrower in connection with any Accounts, credit memos, shipping and delivery documents, and other information related thereto;

(ii) copies of purchase orders, invoices, and shipping and delivery documents in connection with any Inventory or Equipment purchased by any Loan Party; and

(iii) a schedule detailing the balance of all intercompany accounts of the Loan Parties;

(j) at such time or times as may be reasonably requested by the Lender, the Borrower's sales journal, cash receipts journal (identifying trade and non-trade cash receipts) and debit memo/credit memo journal;

(k) promptly upon the Lender's reasonable request, copies of all tax returns filed by any Loan Party with the U.S. Internal Revenue Service;

(l) at such time or times as may be requested by the Lender, a current customer list for the Borrower and its Subsidiaries, which list shall state the customer's name, mailing address and phone number and shall be certified as true and correct by a Financial Officer of the Borrower;

(m) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by any Loan Party or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, as the case may be; and

(n) promptly after any request therefor by the Lender, copies of (i) any documents described in Section 101(k)(1) of ERISA that the Borrower or any ERISA Affiliate may request with respect to any Multiemployer Plan and (ii) any notices described in Section 101(l)(1) of ERISA that the Borrower or any ERISA Affiliate may request with respect to any Multiemployer Plan; provided that if the Borrower or any ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, the Borrower or the applicable ERISA Affiliate shall promptly make a request for such documents and notices from such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof.

Information or financial statements required to be delivered pursuant to clauses (a), (b) or (m) of this Section 5.01 shall be deemed to have been delivered if such information or financial statements are available on the SEC's website at http://www.sec.gov and the Borrower has notified Lender of the posting of such document.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Lender prompt (but in any event within any time period that may be specified below) written notice of the following:

(a) the occurrence of any Default;

(b) receipt of any notice of any investigation by a Governmental Authority or any litigation or proceeding commenced or threatened against any Loan Party or any Subsidiary that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) any Lien (other than Permitted Encumbrances) or claim made or asserted against any of the Collateral;

(d) any loss, damage, or destruction to the Collateral in the amount of $1,000,000 or more if not fully covered by insurance;

(e) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding $1,000,000; and

(f) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. Each Loan Party will, and will cause each Subsidiary to, (a) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, (b) take all reasonable action to maintain all the rights, qualifications, licenses, permits, franchises, governmental authorizations, intellectual property rights, licenses and permits material to the conduct of its business, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, and (c) maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03 and (d) carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted.

SECTION 5.04. Payment of Obligations. Each Loan Party will, and will cause each Subsidiary to, pay or discharge all Material Indebtedness and all other material liabilities and obligations, including Taxes, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Loan Party or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect; provided, however, that each Loan Party will, and will cause each Subsidiary to, remit withholding taxes and other payroll taxes to appropriate Governmental Authorities as and when claimed to be due, notwithstanding the foregoing exceptions.

SECTION 5.05. Maintenance of Properties. Each Loan Party will, and will cause each Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.06. Books and Records; Inspection Rights. Each Loan Party will, and will cause each Subsidiary to, (a) keep proper books of record and account in which true and correct entries in conformity with GAAP consistently applied shall be made of all financial dealings and transactions in relation to its business and activities and (b) permit any representatives designated by the Lender (including employees of the Lender or any consultants, accountants, lawyers, agents and appraisers retained by the Lender), upon reasonable prior notice, to visit and inspect its properties, conduct at the Loan Party's premises field examinations of the Loan Party's assets, liabilities, books and records, including examining and making extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested. The Loan Parties acknowledge that the Lender, after exercising its rights of inspection, may prepare certain Reports pertaining to the Loan Parties' assets for internal use by the Lender.

SECTION 5.07. Compliance with Laws and Material Contractual Obligations. Each Loan Party will, and will cause each Subsidiary to, (i) comply with each Requirement of Law applicable to it or its property (including, without limitation, Environmental Laws) and (ii) perform in all material respects its obligations under material agreements to which it is a party, except, in each case, where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Each Loan Party will maintain in effect and enforce policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.08. Use of Proceeds and Letters of Credit.

(a) The proceeds of the Loans will be used only for working capital and Permitted Acquisitions. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, to finance an acquisition other than a Permitted Acquisition or for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. Letters of Credit will be issued only for general corporate purposes.

(b) The Borrower will not request any Borrowing or Letter of Credit, and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or the European Union, or (c) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.09. Accuracy of Information. The Loan Parties will ensure that any information, including financial statements or other documents, furnished to the Lender in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder contains no material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the furnishing of such information shall be deemed to be a representation and warranty by the Borrower on the date thereof as to the matters specified in this Section 5.09; provided that, with respect to the Projections, the Loan Parties will cause the Projections to be prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 5.10. Insurance. Each Loan Party will, and will cause each Subsidiary to, maintain with financially sound and reputable carriers having a financial strength rating of at least A- by A.M. Best Company (a) insurance in such amounts (with no greater risk retention) and against such risks (including, without limitation, loss or damage by fire and loss in transit; theft, burglary, pilferage, larceny, embezzlement, and other criminal activities; business interruption; and general liability) and such other hazards, as is customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations and (b) all insurance required pursuant to the Collateral Documents. The Borrower will furnish to the Lender information in reasonable detail as to the insurance so maintained.

SECTION 5.11. Casualty and Condemnation. The Borrower (a) will furnish to the Lender prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents

SECTION 5.12. Depository Banks. The Borrower and each Subsidiary will maintain the Lender as its principal depository bank in the United States, including for the maintenance of operating, administrative, cash management, collection activity, and other domestic deposit accounts for the conduct of its business.

SECTION 5.13. Additional Collateral; Further Assurances.

(a) Subject to applicable Requirements of Law, each Loan Party will cause each of its Domestic Subsidiaries formed or acquired after the date of this Agreement to become a Loan Party by executing a Joinder Agreement. Upon execution and delivery thereof, each such Person (i) shall automatically become a Loan Guarantor hereunder and thereupon shall have all of the rights, benefits, duties, and obligations in such capacity under the Loan Documents and (ii) will grant Liens to the Lender, for the benefit of the Secured Parties, in any property of such Loan Party which constitutes Collateral. If, at any time, an Excluded Domestic Subsidiary, which is not a Loan Party solely because it does not meet the fair market value threshold, commences business operations and has total assets with a fair market value in excess of $250,000.00, the Borrower shall notify the Lender in writing, and such Excluded Domestic Subsidiary shall be designated a Loan Party and comply with the provisions of this Section 5.13.

(b) Each Loan Party will cause (i) 100% of the issued and outstanding Equity Interests of each Domestic Subsidiary and (ii) 65% of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary directly owned by the Borrower or any Domestic Subsidiary to be subject at all times to a first priority, perfected Lien in favor of the Lender, for the benefit of the Secured Parties, pursuant to the terms and conditions of the Loan Documents or other security documents as the Lender shall reasonably request.

(c) Without limiting the foregoing, each Loan Party will, and will cause each Domestic Subsidiary to, execute and deliver, or cause to be executed and delivered, to the Lender such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements and other documents and such other actions or deliveries of the type required by Section 4.01, as applicable), which may be required by any Requirement of Law or which the Lender may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Collateral Documents, all at the expense of the Loan Parties.

(d) If any material assets of the same type or nature as those comprising Collateral are acquired by the Borrower or any Domestic Subsidiary that is a Loan Party after the Effective Date (other than assets constituting Collateral under the Security Agreement that become subject to the Lien in favor of the Lender under the Security Agreement upon acquisition thereof), the Borrower will (i) notify the Lender and, if requested by the Lender, cause such assets to be subjected to a Lien securing the Secured Obligations and (ii) take, and cause each applicable Loan Party to take, such actions as shall be necessary or reasonably requested by the Lender to grant and perfect such Liens, including actions described in paragraph (c) of this Section, all at the expense of the Loan Parties.

SECTION 5.14 Additional Subsidiaries.. No later than thirty days after the end of each fiscal year, Borrower shall furnish the Lender an updated Schedule 3.15 to reflect the formation of any Subsidiaries during such fiscal year permitted by this Agreement, which updated Schedule 3.15 shall contain the information required under Section 3.15 of this Agreement.

ARTICLE VI

Negative Covenants

Until the Commitment shall have expired or been terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document shall have been paid in full and all Letters of Credit shall have expired or been terminated, in each case without any pending draw, and all LC Disbursements shall have been reimbursed, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lender that:

SECTION 6.01. Indebtedness. No Loan Party will, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) the Secured Obligations;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and any extensions, renewals, refinancings and replacements of any such Indebtedness in accordance with clause (f) hereof. With regard to Borrower's obligations under the Repurchase Agreement (including, without limitation, contingent obligations such as late charges, indemnification obligations, costs and/or expenses), there shall be a reserve in the current amount of $775,000 against the Borrowing Base for the repurchase Obligations of Partech, Inc., as guarantor, to Wells Fargo Financial Leasing, Inc. under the Equipment Finance Agreements ("Equipment Repurchase Reserve"), which reserve amount shall decrease by $50,000 each quarter commencing January 1, 2017 (i.e. so that the amount of the reserve for the first quarter of 2017 shall be $725,000). Until ParTech, Inc.'s obligations under the Repurchase Agreement are terminated, Accounts owing by the Equipment Finance Obligor (including affiliates of the Equipment Finance Obligor) shall not be deemed an Eligible Account, and (c) Borrower shall provide Lender with prompt notice of any Repurchase Event (as defined in the Repurchase Agreement) or any act by Wells Fargo to enforce (in any manner) the Repurchase Agreement against ParTech, Inc. The consent by Lender to the Repurchase Agreement is provided as a one-time accommodation to the Loan Parties, and Lender is not, by virtue of this consent, waiving, and has no present intention of waiving, any other provisions of this Agreement, except with respect to those matters expressly identified herein.

(c) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary, provided that (i) Indebtedness of any Subsidiary that is not a Loan Party to the Borrower or to any Subsidiary that is a Loan Party shall be subject to Section 6.04 and (ii) Indebtedness of the Borrower to any Subsidiary and Indebtedness of any Subsidiary that is a Loan Party to any Subsidiary that is not a Loan Party shall be subordinated to the Secured Obligations on terms reasonably satisfactory to the Lender;

(d) Guarantees by the Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary, provided that (i) the Indebtedness so Guaranteed is permitted by this Section 6.01, (ii) Guarantees by the Borrower or any Subsidiary that is a Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04 and (iii) Guarantees permitted under this clause (d) shall be subordinated to the Secured Obligations of the applicable Subsidiary on the same terms as the Indebtedness so Guaranteed is subordinated to the Secured Obligations;

(e) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets (whether or not constituting purchase money Indebtedness), including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness in accordance with clause (f) below; provided that (i) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) together with any Refinance Indebtedness in respect thereof permitted by clause (g) below, shall not exceed $1,000,000 at any time outstanding;

(f) Indebtedness of the Borrower incurred in connection with a Permitted Acquisition, provided that, at any point in time the then total aggregate outstanding principal balance of Indebtedness incurred in connection with all Permitted Acquisitions does not exceed $7,500,000 for the term of this Agreement;

(g) Indebtedness which represents extensions, renewals, refinancing or replacements (such Indebtedness being so extended, renewed, refinanced or replaced being referred to herein as the "Refinance Indebtedness") of any of the Indebtedness described in clauses (b) and (e) hereof (such Indebtedness being referred to herein as the "Original Indebtedness"); provided that (i) such Refinance Indebtedness does not increase the principal amount or interest rate of the Original Indebtedness, (ii) any Liens securing such Refinance Indebtedness are not extended to any additional property of any Loan Party or any Subsidiary, (iii) no Loan Party or any Subsidiary that is not originally obligated with respect to repayment of such Original Indebtedness is required to become obligated with respect to such Refinance Indebtedness, (iv) such Refinance Indebtedness does not result in a shortening of the average weighted maturity of such Original Indebtedness, (v) the terms of such Refinance Indebtedness other than fees and interests are not less favorable to the obligor thereunder than the original terms of such Original Indebtedness and (vi) if such Original Indebtedness was subordinated in right of payment to the Secured Obligations, then the terms and conditions of such Refinance Indebtedness must include subordination terms and conditions that are at least as favorable to the Lender as those that were applicable to such Original Indebtedness;

(h) Indebtedness owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;

(i) Indebtedness of the Borrower or any Subsidiary in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case provided in the ordinary course of business;

(j) Subordinated Indebtedness in an aggregate principal amount not to exceed $1,000,000 at any time outstanding; and

(k) Other unsecured Indebtedness in an aggregate principal amount not to exceed $500,000 at any time outstanding.

SECTION 6.02. Liens. No Loan Party will, nor will it permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including Accounts) or rights in respect of any thereof, except:

(a) Liens created pursuant to any Loan Document;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Subsidiary; provided that (i) such Liens secure Indebtedness permitted by clause (e) of Section 6.01, (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such Liens shall not apply to any other property or assets of the Borrower or any Subsidiary;

(e) any Lien existing on any property or asset (other than Accounts and Inventory) prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset (other than Accounts and Inventory) of any Person that becomes a Loan Party after the date hereof prior to the time such Person becomes a Loan Party; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Loan Party, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Loan Party and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Loan Party, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(f) any Lien relating to, or in the nature of, a consignment of raw materials to the Borrower or any Subsidiary, provided (i) the Lien does not continue in existence once the raw materials are used or acquired by the Borrower or any Subsidiary and (ii) the consigned materials subject to the Lien are not included in the Borrowing Base;

(g) Liens of a collecting bank arising in the ordinary course of business under Section 4 208 of the UCC in effect in the relevant jurisdiction covering only the items being collected upon;

(h) Liens arising out of Sale and Leaseback Transactions permitted by Section 6.06; and

(i) Liens granted by a Subsidiary that is not a Loan Party in favor of the Borrower or another Loan Party in respect of Indebtedness owed by such Subsidiary.

Notwithstanding the foregoing, none of the Liens permitted pursuant to this Section 6.02 may at any time attach to any Loan Party's (1) Accounts, other than those permitted under clause (a) of the definition of Permitted Encumbrances and clause (a) above and (2) Inventory, other than those permitted under clauses (a) and (b) of the definition of Permitted Encumbrances and clause (a) above.

SECTION 6.03. Fundamental Changes.

(a) No Loan Party will, nor will it permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing, (i) any Subsidiary of the Borrower may merge into the Borrower in a transaction in which the Borrower is the surviving entity, (ii) any Loan Party (other than the Borrower) may merge into any other Loan Party in a transaction in which the surviving entity is a Loan Party, (iii) any Loan Party (other than the Borrower) may sell, transfer, lease or otherwise dispose of its assets to another Loan Party, and (iv) any Subsidiary that is not a Loan Party may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lender; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) No Loan Party will, nor will it permit any Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date hereof and businesses reasonably related thereto.

(c) Subject to the provisions of Excluded Domestic Subsidiary definition, including, as applicable, the provisions of Section 5.13(a), no Excluded Domestic Subsidiary shall (i) engage in any business or other commercial activities, (ii) own total assets with a fair market value of more than $250,000

(d) , (iii) incur any Indebtedness or (iv) grant any Liens over any of its assets; provided, that, notwithstanding the foregoing, each Excluded Domestic Subsidiary may maintain its company's corporate existence.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. No Loan Party will, nor will it permit any Subsidiary to, form any subsidiary after the Effective Date, or purchase, hold or acquire (including pursuant to any merger with any Person that was not a Loan Party and a wholly owned Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (whether through purchase of assets, merger or otherwise), except:

(a) Permitted Investments, subject to control agreements in favor of the Lender or otherwise subject to a perfected security interest in favor of the Lender;

(b) loans and investments in existence on the date hereof and described in Schedule 6.04;

(c) investments by the Borrower and the Subsidiaries in Equity Interests in their respective Subsidiaries, provided that (i) any such Equity Interests held by a Loan Party shall be pledged pursuant to the Security Agreement (subject to the limitations applicable to Equity Interests of a Foreign Subsidiary referred to in Section 5.13) and (ii) the aggregate amount of investments by Loan Parties in Subsidiaries that are not Loan Parties (together with outstanding intercompany loans permitted under Section 6.04(d) and outstanding Guarantees permitted under Section 6.04(e)) shall not exceed $1,000,000 at any time outstanding (in each case determined without regard to any write-downs or write-offs);

(d) loans or advances made by any Loan Party to any Subsidiary and made by any Subsidiary to a Loan Party or any other Subsidiary, provided that (i) any such loans and advances made by a Loan Party to a Subsidiary that is not a Loan Party (other than loans and advances made to PAR Canada, ULC and ParTech (Shanghai) Co. Ltd.) shall be evidenced by a promissory note pledged pursuant to the Security Agreement and (ii)(A) the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties, other than PAR Canada, ULC and ParTech (Shanghai) Co. Ltd. (together with outstanding investments permitted under Section 6.04(c) and outstanding Guarantees permitted under Section 6.04(e)) shall not exceed $1,000,000 at any time outstanding (in each case determined without regard to any write-downs or write-offs) and (B) the amount of such loans and advances made by the Loan Parties to PAR Canada, ULC and ParTech (Shanghai) Co. Ltd. shall not exceed $5,000,000 in the aggregate in any calendar year;

(e) Guarantees constituting Indebtedness permitted by Section 6.01, provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party (together with outstanding investments permitted under clause (ii) to the proviso to Section 6.04(c) and outstanding intercompany loans permitted under clause (ii) to the proviso to Section 6.04(d)) shall not exceed $1,000,000 at any time outstanding (in each case determined without regard to any write-downs or write-offs);

(f) loans or advances made by a Loan Party to its employees on an arms-length basis in the ordinary course of business consistent with past practices for travel and entertainment expenses, relocation costs and similar purposes up to a maximum of $250,000.00 in the aggregate at any one time outstanding;

(g) notes payable, or stock or other securities issued by Account Debtors to a Loan Party pursuant to negotiated agreements with respect to settlement of such Account Debtor's Accounts in the ordinary course of business, consistent with past practices;

(h) investments in the form of Swap Agreements permitted by Section 6.07;

(i) investments of any Person existing at the time such Person becomes a Subsidiary of the Borrower or consolidates or merges with the Borrower or any Subsidiary (including in connection with a Permitted Acquisition), so long as such investments were not made in contemplation of such Person becoming a Subsidiary or of such merger;

(j) investments received in connection with the disposition of assets permitted by Section 6.05;

(k) investments constituting deposits described in clauses (c) and (d) of the definition of the term "Permitted Encumbrances"; and

(l) Permitted Acquisitions provided that the total amount paid (via Indebtedness, cash or other means) in connection with Permitted Acquisitions shall not exceed $7,500,000.

SECTION 6.05. Asset Sales. No Loan Party will, nor will it permit any Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any Subsidiary to issue any additional Equity Interest in such Subsidiary (other than to the Borrower or another Subsidiary in compliance with Section 6.04), except:

(a) sales, transfers and dispositions of (i) Inventory in the ordinary course of business and (ii) obsolete, worn out or surplus Equipment or property in the ordinary course of business;

(b) sales, transfers and dispositions of assets to the Borrower or any Subsidiary, provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.09;

(c) sales, transfers and dispositions of Accounts (excluding sales or dispositions in a factoring arrangement) in connection with the compromise, settlement or collection thereof;

(d) sales, transfers and dispositions of Permitted Investments and other investments permitted by clauses (i) and (k) of Section 6.04

(e) Sale and Leaseback Transactions permitted by Section 6.06;

(f) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any Subsidiary; and

(g) sales, transfers and other dispositions of assets (other than Equity Interests in a Subsidiary unless all Equity Interests in such Subsidiary are sold) that are not permitted by any other clause of this Section, provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this paragraph (g) shall not exceed $100,000 during any fiscal year of the Borrower;

provided that all sales, transfers, leases and other dispositions permitted under this Section 6.05 (other than those permitted by paragraphs (b), (d) and (f) above) shall be made for fair value and for cash consideration.

SECTION 6.06. Sale and Leaseback Transactions. No Loan Party will, nor will it permit any Subsidiary to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred (a "Sale and Leaseback Transaction"), except for any such sale of any fixed or capital assets by the Borrower or any Subsidiary that is made for cash consideration in an amount not less than the fair value of such fixed or capital asset and is consummated within 90 days after the Borrower or such Subsidiary acquires or completes the construction of such fixed or capital asset.

SECTION 6.07. Swap Agreements. No Loan Party will, nor will it permit any Subsidiary to, enter into any Swap Agreement, except (a) Swap Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure (other than those in respect of Equity Interests of the Borrower or any Subsidiary), and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from floating to fixed rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary.

SECTION 6.08. Restricted Payments; Certain Payments of Indebtedness.

(a) No Loan Party will, nor will it permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except (i) the Borrower may declare and pay dividends with respect to its common stock payable solely in additional shares of its common stock, (ii) Subsidiaries may declare and pay dividends ratably with respect to their Equity Interests, (iii) the Borrower may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries, and (iv) the Borrower may make payments of cash dividends with respect to its common stock, so long as (A) as of the date of any such payment and after giving effect thereto, no Default or Event of Default shall exist and (B) both before and after giving effect to any such payment, on a pro forma basis, Availability shall not be less than 17.5% of the Commitment.

(b) No Loan Party will, nor will it permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Indebtedness, except:

(i) payment of Indebtedness created under the Loan Documents;

(ii) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness permitted under Section 6.01, other than payments in respect of the Subordinated Indebtedness prohibited by the subordination provisions thereof;

(iii) refinancing's of Indebtedness to the extent permitted by Section 6.01; and

(iv) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to the extent such sale or transfer is permitted by the terms of Section 6.05.

SECTION 6.09. Transactions with Affiliates. No Loan Party will, nor will it permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions that (i) are in the ordinary course of business and (ii) are at prices and on terms and conditions not less favorable to such Loan Party or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Loan Parties not involving any other Affiliate, (c) any investment permitted by Sections 6.04(b), 6.04(c) or 6.04(d), (d) any Indebtedness permitted under Section 6.01(c), (e) any Restricted Payment permitted by Section 6.08, (f) loans or advances to employees permitted under Section 6.04(f), (g) the payment of reasonable fees to directors of the Borrower or any Subsidiary who are not employees of the Borrower or any Subsidiary, and compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of the Borrower or its Subsidiaries in the ordinary course of business and (h) any issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans approved by the Borrower's board of directors.

SECTION 6.10. Restrictive Agreements. No Loan Party will, nor will it permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Loan Party or any of its Subsidiaries to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any Equity Interests or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by any Requirement of Law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.11. Amendment of Material Documents. No Loan Party will, nor will it permit any Subsidiary to, amend, modify or waive any of its rights under (a) any agreement relating to any Subordinated Indebtedness, or (b) its charter, articles or certificate of organization or incorporation, bylaws, operating, management or partnership agreement or other organizational or governing documents, to the extent any such amendment, modification or waiver could reasonably be expected to have a Material Adverse Effect.

SECTION 6.12. Financial Covenants.

(a) Consolidated Indebtedness Ratio. The Borrower will not permit the Consolidated Indebtedness Ratio, measured at the end of each fiscal quarter for the period of the four fiscal quarters most recently ended, to be greater than 3.0 to 1.0.

(b) Fixed Charge Coverage Ratio. The Borrower will not permit the Fixed Charge Coverage Ratio, determined for any period of four consecutive fiscal quarters ending at the end of each fiscal quarter, to be less than (i) 1.15 to 1.0 for the quarter ending December 31, 2016 (to be tested at the end of such fiscal quarter only in the event Borrower's total Consolidated Indebtedness equals or exceeds $5,000,000 at such time) or (ii) 1.25 to 1.0 for the quarter ending March 31, 2017 and each quarter thereafter (to be tested without regard to the level of Borrower's Consolidated Indebtedness).

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Loan Party or any Subsidiary in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, shall prove to have been materially incorrect when made or deemed made;

(d) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), 5.03 (with respect to a Loan Party's existence) or 5.08 or in Article VI;

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d)), and such failure shall continue unremedied for a period of (i) 5 days after the earlier of any Loan Party's knowledge of such breach or notice thereof from the Lender if such breach relates to terms or provisions of Section 5.01, 5.02 (other than Section 5.02(a)), (ii) 15 days after the earlier of any Loan Party's knowledge of such breach or notice thereof from the Lender if such breach relates to terms or provisions of Section 5.03, 5.07, 5.11 and 5.13 of this Agreement or (ii) 30 days after the earlier of any Loan Party's knowledge of such breach or notice thereof from the Lender if such breach relates to terms or provisions of any other Section of this Agreement;

(f) any Loan Party or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable after giving effect to applicable grace periods;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to the extent such sale or transfer is permitted by the terms of Section 6.05;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other similar relief in respect of a Loan Party or any Subsidiary of any Loan Party or its debts, or of a material part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Loan Party or any Subsidiary of any Loan Party or for a material part of its assets, and, in any such case, such proceeding or petition shall continue unstayed or undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Loan Party or any Subsidiary of any Loan Party shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other similar relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for such Loan Party or Subsidiary of any Loan Party or for a material part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Loan Party or any Subsidiary of any Loan Party shall become unable, admit in writing its inability, or publicly declare its intention not to, or fail generally, to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $1,000,000 shall be entered against any Loan Party, any Subsidiary of any Loan Party or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Loan Party or any Subsidiary of any Loan Party to enforce any such judgment or any Loan Party or any Subsidiary of any Loan Party shall fail within 30 days to discharge one or more non-monetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgments or orders, in any such case, are not stayed on appeal or otherwise being appropriately contested in good faith by proper proceedings diligently pursued;

(l) an ERISA Event shall have occurred that, in the opinion of the Lender, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur;

(n) the occurrence of any "default", as defined in any Loan Document (other than this Agreement), or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of grace therein provided;

(o) the Loan Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Loan Guaranty, or any Loan Guarantor shall fail to comply with any of the terms or provisions of the Loan Guaranty to which it is a party, or any Loan Guarantor shall deny that it has any further liability under the Loan Guaranty to which it is a party, or shall give notice to such effect, including, but not limited to notice of termination delivered pursuant to Section 9.08;

(p) except as permitted by the terms of any Collateral Document (and as set forth herein), (i) any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any Collateral purported to be covered thereby, or (ii) any Lien securing any Secured Obligation shall cease to be a valid and perfected first priority Lien, except to the extent that the loss of any such perfection or priority results from the failure of the Lender to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Documents or to file Uniform Commercial Code financing statements or continuation statements or other equivalent filings;

(q) any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document, or any Loan Party shall fail to comply with any of the terms or provisions of any Collateral Document; or

(r) any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (or any Loan Party shall challenge the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction that evidences its assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms); then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitment, whereupon the Commitment shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees (including Prepayment Fees) and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in the case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitment shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees (including Prepayment Fees) and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. The parties hereto acknowledge and agree that the Prepayment Fee referred to in this Article VII (i) is additional consideration for providing the Commitment, (ii) constitutes reasonable liquidated damages to compensate the Lender for (and is a proportionate quantification of) the actual loss of the commitment fees upon a termination of the Commitment (such damages being otherwise impossible to ascertain or even estimate for various reasons, including, without limitation, because such damages would depend on, among other things, future changes in interest rates which are not readily ascertainable on the Closing Date), and (iii) is not a penalty to punish the Borrower for its termination of the Commitment or for the occurrence of any Event of Default or acceleration. Upon the occurrence and during the continuance of an Event of Default, the Lender may increase the rate of interest applicable to the Loans and other Obligations as set forth in this Agreement and exercise any rights and remedies provided to the Lender under the Loan Documents or at law or equity, including all remedies provided under the UCC.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax, as follows:

(i) if to any Loan Party, to it in care of the Borrower at:
Par Technology Corporation
8383 Seneca Turnpike
New Hartford, New York 13413-4991
Attention: Principal Financial Officer
Fax No: (315) 735-4191

(ii) if to JPMorgan Chase Bank, N.A. at:

JPMorgan Chase Bank, N.A.
Middle Market Servicing
10 South Dearborn, Floor L2S
Chicago, IL 60603-2300
Attention: Muoy Lim
Fax No: (888) 303-9732

With a copy to:

JPMorgan Chase Bank, N.A.
Bridgewater Place
500 Plum Street, Floor 7
Syracuse, New York 13204
Attention: Jean Lamardo
Facsimile No: (315) 424-1898

All such notices and other communications (i) sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received, (ii) sent by fax shall be deemed to have been given when sent, provided that if not given during normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, or (iii) delivered through electronic communication to the extent provided in paragraph (b) below shall be effective as provided in such paragraph.

(b) Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communications (including e-mail and internet or intranet websites) pursuant to procedures approved by the Lender; provided that the foregoing shall not apply to notices pursuant to Article II or to compliance and no Default certificates delivered pursuant to Sections 5.01(c) unless otherwise agreed by the Lender. Each of the Lender or the Borrower (on behalf of the Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. All such notices and other communications (i) sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the

website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, e-mail or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day of the recipient.

(c) Any party hereto may change its address, fax number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

SECTION 8.02. Waivers; Amendments.

(a) No failure or delay by the Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder and under any other Loan Document are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (i) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower and the Lender or (ii) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Lender and the Loan Party or Loan Parties that are parties thereto.

SECTION 8.03. Expenses; Indemnity; Damage Waiver.

(a) The Loan Parties, jointly and severally, shall pay all (i) reasonable out-of-pocket expenses incurred by the Lender and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Lender (whether outside counsel or the allocated costs of its internal legal department), in connection with the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers of the provisions of the Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) reasonable out-of-pocket expenses incurred by the Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) within ten (10) Business Days of receipt of invoice, reasonable out-of-pocket expenses incurred by the Lender, including the fees, charges and disbursements of any counsel for the Lender (whether outside counsel or the allocated costs of its internal legal department), in connection with the enforcement, collection or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit. All of such costs and expenses may be charged to the Borrower as Loans or to any deposit account maintained by a Loan Party with the Lender, all as described in Section 2.16(c). Expenses being reimbursed by the Loan Parties under this Section include, without limiting the generality of the foregoing, fees, costs and expenses incurred in connection with:

(A) appraisals and insurance reviews;

(B) field examinations and the preparation of Reports based on the fees charged by a third party retained by the Lender or the internally allocated fees for each Person employed by the Lender with respect to each field examination;

(C) background checks regarding senior management and/or key investors, as deemed necessary or appropriate in the sole discretion of the Lender;

(D) Taxes, fees and other charges for (i) lien and title searches and title insurance and (ii) recording the Mortgages, filing financing statements and continuations, and other actions to perfect, protect, and continue the Lender's Liens;

(E) sums paid or incurred to take any action required of any Loan Party under the Loan Documents that such Loan Party fails to pay or take; and

(F) forwarding loan proceeds, collecting checks and other items of payment, and establishing and maintaining the accounts and lock boxes, and costs and expenses of preserving and protecting the Collateral.

All of the foregoing fees, costs and expenses may be charged to the Borrower as Loans or to another deposit account, all as described in Section 2.16(c).

(b) The Loan Parties, jointly and severally, shall indemnify the Lender, and each Related Party of the Lender (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, penalties, incremental taxes, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by a Loan Party or a Subsidiary, or any Environmental Liability related in any way to a Loan Party or Subsidiary, (iv) the failure of a Loan Party to deliver to the Lender the required receipts or other required documentary evidence with respect to a payment made by such Loan Party for Taxes pursuant to Section 2.15(c), or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not such claim, litigation, investigation or proceeding is brought by any Loan Party or their respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (x) the gross negligence or willful misconduct of such Indemnitee or (y) a claim brought by any Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations under this Agreement or under any other Loan Document . This Section 8.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(c) To the extent permitted by applicable law, no Loan Party shall assert, and each Loan Party hereby waives, any claim against any Indemnitee, (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), or (ii) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this paragraph (c) shall relieve any Loan Party of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(d) Except as otherwise expressly provided for in this Section 8.03, all amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 8.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Lender that issues any Letter of Credit), except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Lender that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) The Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

the Borrower, provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Lender within 5 Business Days after having received notice thereof, and provided further that no consent of the Borrower shall be required for an assignment to an Affiliate of the Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

For the purposes of this Section 8.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) the Lender, (b) an Affiliate of the Lender or (c) an entity or an Affiliate of an entity that administers or manages the Lender.

(c) The Lender may, without the consent of the Borrower, sell participations to one or more banks or other entities (a "Participant") in all or a portion of the Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and Letters of Credit and the Loans owing to it); provided that (i) the Lender's obligations under this Agreement shall remain unchanged; (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (iii) the Borrower shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 (subject to the requirements and limitations therein) to the same extent as if it were the Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant shall not be entitled to receive any greater payment under Section 2.13 or 2.15, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.[2]

To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.08 as though it were the Lender. If the Lender shall sell a participation, it shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement or any other Loan Document (the "Participant Register"); provided that the Lender shall have no obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitment, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the U.S. Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and the Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(d) The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

SECTION 8.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitment has not expired or terminated. The provisions of Sections 2.13, 2.14, 2.15 and Section 8.03 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitment or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 8.06. Counterparts; Integration; Effectiveness; Electronic Execution.

(a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Lender constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

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[2] If the Lender grants its Loan (or a portion thereof) to a special purpose vehicle, it is generally appropriate for the special purpose vehicle to have comparable rights with respect to Sections 2.13 and 2.15 as if it were a Participant.

(b) Delivery of an executed counterpart of a signature page of this Agreement by fax, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 8.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by the Lender or any Affiliate to or for the credit or the account of the Borrower or such Loan Guarantor against any of and all the Secured Obligations, irrespective of whether or not the Lender shall have made any demand under the Loan Documents and although such obligations may be unmatured. The rights of the Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which the Lender may have.

SECTION 8.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) The Loan Documents (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the internal laws of the State of New York, but giving effect to federal laws applicable to national banks.

(b) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any U.S. federal or New York State court sitting in New York State in any action or proceeding arising out of or relating to any Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its proper-ties in the courts of any jurisdiction.

(c) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 8.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by applicable law.

SECTION 8.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE OR OTHER AGENT (INCLUDING ANY ATTORNEY) OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 8.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 8.12. Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that (i) the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential) and (ii) the Lender shall be responsible for a breach of this Section 8.12 by any such Person to whom such disclosure is made),, (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by any Requirement of Law or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (x) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (y) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Loan Parties and their obligations, (g) with the consent of the Borrower, or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Lender on a non-confidential basis from a source other than the Borrower or any Subsidiary or Affiliate of the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary or Affiliate of the Borrower relating to the Borrower or its Subsidiaries' or their respective businesses, other than any such information that is (1) available to the Lender on a non-confidential basis prior to disclosure by the Borrower or (2) that is publicly disclosed by the Borrower or any Subsidiary or Affiliate of the Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 8.13. Nonreliance; Violation of Law. The Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board) for the repayment of the Borrowings provided for herein. Anything contained in this Agreement to the contrary notwithstanding, the Lender shall not be obligated to extend credit to the Borrower in violation of any Requirement of Law.

SECTION 8.14. USA PATRIOT Act. The Lender is subject to the requirements of the USA PATRIOT Act and hereby notifies each Loan Party that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow the Lender to identify such Loan Party in accordance with the USA PATRIOT Act.

SECTION 8.15. Disclosure. Each Loan Party hereby acknowledges and agrees that the Lender and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with any of the Loan Parties and their respective Affiliates.

SECTION 8.16. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to the Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by the Lender.

SECTION 8.17. Marketing Consent. The Borrower hereby authorizes the Lender, at its sole expense, but without any prior approval by the Borrower, to publish such tombstones and give such other publicity to this Agreement as it may from time to time determine in its sole discretion. The foregoing authorization shall remain in effect unless the Borrower notifies the Lender in writing that such authorization is revoked.

ARTICLE IX

Loan Guaranty

SECTION 9.01. Guaranty. Each Loan Guarantor (other than those that have delivered a separate Guaranty) hereby agrees that it is jointly and severally liable for, and, as primary obligor and not merely as surety, absolutely and unconditionally and irrevocably guarantees to the Secured Parties, the prompt payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of the Secured Obligations and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees (including allocated costs of in-house counsel and paralegals) and expenses paid or incurred by the Lender in endeavoring to collect all or any part of the Secured Obligations from, or in prosecuting any action against, the Borrower, any Loan Guarantor or any other guarantor of all or any part of the Secured Obligations (such costs and expenses, together with the Secured Obligations, collectively the "Guaranteed Obligations"); provided, however, that the definition of "Guaranteed Obligations" shall not create any guarantee by any Loan Guarantor of (or grant of security interest by any Loan Guarantor to support, as applicable, any Excluded Swap Obligations of such Loan Guarantor for purposes of determining any obligations of any Loan Guarantor). Each Loan Guarantor further agrees that the Guaranteed Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal. All terms of this Loan Guaranty apply to and may be enforced by or on behalf of any domestic or foreign branch or Affiliate of the Lender that extended any portion of the Guaranteed Obligations.

SECTION 9.02. Guaranty of Payment. This Loan Guaranty is a guaranty of payment and not of collection. Each Loan Guarantor waives any right to require the Lender to sue the Borrower, any Loan Guarantor, any other guarantor, or any other Person obligated for all or any part of the Guaranteed Obligations (each, an "Obligated Party"), or otherwise to enforce its payment against any collateral securing all or any part of the Guaranteed Obligations.

SECTION 9.03. No Discharge or Diminishment of Loan Guaranty.

(a) Except as otherwise provided for herein, the obligations of each Loan Guarantor hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Guaranteed Obligations), including: (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration, or compromise of any of the Guaranteed Obligations, by operation of law or otherwise; (ii) any change in the corporate existence, structure or ownership of the Borrower or any other Obligated Party liable for any of the Guaranteed Obligations; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Obligated Party, or their assets or any resulting release or discharge of any obligation of any Obligated Party; or (iv) the existence of any claim, setoff or other rights which any Loan Guarantor may have at any time against any Obligated Party, the Lender or any other Person, whether in connection herewith or in any unrelated transactions.

(b) The obligations of each Loan Guarantor hereunder are not subject to any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, or unenforceability of any of the Guaranteed Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by any Obligated Party, of the Guaranteed Obligations or any part thereof.

(c) Further, the obligations of any Loan Guarantor hereunder are not discharged or impaired or otherwise affected by: (i) the failure of the Lender to assert any claim or demand or to enforce any remedy with respect to all or any part of the Guaranteed Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Guaranteed Obligations; (iii) any release, non-perfection, or invalidity of any indirect or direct security for the obligations of the Borrower for all or any part of the Guaranteed Obligations or any obligations of any other Obligated Party liable for any of the Guaranteed Obligations; (iv) any action or failure to act by the Lender with respect to any collateral securing any part of the Guaranteed Obligations; or (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Guaranteed Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of such Loan Guarantor or that would otherwise operate as a discharge of any Loan Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of the Guaranteed Obligations).

SECTION 9.04. Defenses Waived. To the fullest extent permitted by applicable law, each Loan Guarantor hereby waives any defense based on or arising out of any defense of the Borrower or any Loan Guarantor or the unenforceability of all or any part of the Guaranteed Obligations from any cause, or the cessation from any cause of the liability of the Borrower, any Loan Guarantor or any other Obligated Party, other than the indefeasible payment in full in cash of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Loan Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Obligated Party, or any other Person. Each Loan Guarantor confirms that it is not a surety under any state law and shall not raise any such law as a defense to its obligations hereunder. The Lender may, at its election, foreclose on any Collateral held by it by one or more judicial or nonjudicial sales, accept an assignment of any such Collateral in lieu of foreclosure or otherwise act or fail to act with respect to any collateral securing all or a part of the Guaranteed Obligations, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Obligated Party or exercise any other right or remedy available to it against any Obligated Party, without affecting or impairing in any way the liability of such Loan Guarantor under this Loan Guaranty, except to the extent the Guaranteed Obligations have been fully and indefeasibly paid in cash. To the fullest extent permitted by applicable law, each Loan Guarantor waives any defense arising out of any such election even though that election may operate, pursuant to applicable law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Loan Guarantor against any Obligated Party or any security.

SECTION 9.05. Rights of Subrogation. No Loan Guarantor will assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification that it has against any Obligated Party, or any collateral, until the Loan Parties and the Loan Guarantors have fully performed all their obligations to the Lender.

SECTION 9.06. Reinstatement; Stay of Acceleration. If at any time any payment of any portion of the Guaranteed Obligations (including a payment effected through exercise of a right of setoff) is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower or otherwise (including pursuant to any settlement entered into by a Secured Party in its discretion), each Loan Guarantor's obligations under this Loan Guaranty with respect to that payment shall be reinstated at such time as though the payment had not been made and whether or not the Lender is in possession of this Loan Guaranty. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Borrower, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Guaranteed Obligations shall nonetheless be payable by the Loan Guarantors forthwith on demand by the Lender.

SECTION 9.07. Information. Each Loan Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that each Loan Guarantor assumes and incurs under this Loan Guaranty, and agrees that the Lender shall not have any duty to advise any Loan Guarantor of information known to it regarding those circumstances or risks.

SECTION 9.08. Termination. The Lender may continue to make loans or extend credit to the Borrower based on this Loan Guaranty until five (5) days after it receives written notice of termination from any Loan Guarantor. Notwithstanding receipt of any such notice, each Loan Guarantor will continue to be liable to the Lender for any Guaranteed Obligations created, assumed or committed to prior to the fifth day after receipt of the notice, and all subsequent renewals, extensions, modifications and amendments with respect to, or substitutions for, all or any part of such Guaranteed Obligations. Nothing in this Section 9.08 shall be deemed to constitute a waiver of, or eliminate, limit, reduce or otherwise impair any rights or remedies the Lender may have in respect of, any Default or Event of Default that shall exist under Article VII hereof as a result of any such notice of termination.

SECTION 9.09. Taxes. Each payment of the Guaranteed Obligations will be made by each Loan Guarantor without withholding for any Taxes, unless such withholding is required by law. If any Loan Guarantor determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Loan Guarantor may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by such Loan Guarantor shall be increased as necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), the Lender receives the amount it would have received had no such withholding been made.

SECTION 9.10. Maximum Liability. Notwithstanding any other provision of this Loan Guaranty, the amount guaranteed by each Loan Guarantor hereunder shall be limited to the extent, if any, required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law. In determining the limitations, if any, on the amount of any Loan Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Loan Guarantor may have under this Loan Guaranty, any other agreement or applicable law shall be taken into account.

SECTION 9.11. Contribution.

(a) To the extent that any Loan Guarantor shall make a payment under this Loan Guaranty (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Loan Guarantor, exceeds the amount which otherwise would have been paid by or attributable to such Loan Guarantor if each Loan Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Loan Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Loan Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Guarantor Payment and the Guaranteed Obligations (other than Unliquidated Obligations that have not yet arisen), and the Commitment and all Letters of Credit have terminated or expired or, in the case of all Letters of Credit, are fully collateralized on terms reasonably acceptable to the Lender, and this Agreement, the Swap Agreement Obligations and the Banking Services Obligations have terminated, such Loan Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Loan Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "Allocable Amount" of any Loan Guarantor shall be equal to the excess of the fair saleable value of the property of such Loan Guarantor over the total liabilities of such Loan Guarantor (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated, without duplication, assuming each other Loan Guarantor that is also liable for such contingent liability pays its ratable share thereof), giving effect to all payments made by other Loan Guarantors as of such date in a manner to maximize the amount of such contributions.

(c) This Section 9.11 is intended only to define the relative rights of the Loan Guarantors, and nothing set forth in this Section 9.11 is intended to or shall impair the obligations of the Loan Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Loan Guaranty.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Loan Guarantor or Loan Guarantors to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Loan Guarantors against other Loan Guarantors under this Section 9.11 shall be exercisable upon the full and indefeasible payment of the Guaranteed Obligations in cash (other than Unliquidated Obligations that have not yet arisen) and the termination or expiry (or, in the case of all Letters of Credit, full cash collateralization), on terms reasonably acceptable to the Lender, of the Commitment and all Letters of Credit issued hereunder and the termination of this Agreement, the Swap Agreement Obligations and the Banking Services Obligations.

SECTION 9.12. Liability Cumulative. The liability of each Loan Party as a Loan Guarantor under this Article IX is in addition to and shall be cumulative with all liabilities of each Loan Party to the Lender under this Agreement and the other Loan Documents to which such Loan Party is a party or in respect of any obligations or liabilities of the other Loan Parties, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

SECTION 9.13. Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Guarantor to honor all of its obligations under this Guarantee in respect of a Swap Obligation (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 9.13 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 9.13 or otherwise under this Loan Guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Except as otherwise provided herein, the obligations of each Qualified ECP Guarantor under this Section 9.13 shall remain in full force and effect until the termination of all Swap Obligations. Each Qualified ECP Guarantor intends that this Section 9.13 constitute, and this Section 9.13 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

[Signature Page Follows]

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

PAR TECHNOLOGY CORPORATION

By: /s/ Karen E. Sammon
Name: Karen E. Sammon
Title: President & CEO

JPMORGAN CHASE BANK, N.A.

By: /s/ Jean M. Lamardo
Name: Jean M. Lamardo
Title: Senior Underwriter

The following Persons are signatories to this Agreement in their capacities as Loan Parties and Loan Guarantors:

PARTECH, INC.

By: /s/ Karen E. Sammon
Name: Karen E. Sammon
Title: President

PAR SPRINGER-MILLER SYSTEMS, INC.

By: /s/ Karen E. Sammon
Name: Karen E. Sammon
Title: President

PAR GOVERNMENT SYSTEMS CORPORATION

By: /s/ Matthew J. Trinkaus
Name: Matthew J. Trinkaus
Title: Treasurer

ROME RESEARCH CORPORATION

By: /s/ Matthew J. Trinkaus
Name: Matthew J. Trinkaus
Title: Treasurer

AUSABLE SOLUTIONS, INC.

By: /s/ Karen E. Sammon
Name: Karen E. Sammon
Title: President

SPRINGER-MILLER INTERNATIONAL, LLC

By: /s/ Karen E. Sammon
Name: Karen E. Sammon
Title: President

BRINK SOFTWARE, INC.

By: /s/ Karen E. Sammon
Name: Karen E. Sammon
Title: President

SCHEDULE 3.05

Properties, etc.

Schedule 3.05
Properties

(a) Address of real property located in the United States that is owned/leased by a Loan Party containing Collateral having a value in excess of $75,000.

Attached

(b) List of all owned or licensed trademarks, tradenames, copyrights, patents and other intellectual property that are reasonably necessary for PAR Technology Corporation and its subsidiaries to operate their respective businesses.

Attached

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

Locations of Real Property [1]

PAR Entity	Location of Real Property	Owned /Leased	Use and Landlord Name & Address
PAR Technology Corporation	8383 Seneca Turnpike, New Hartford, New York 13413	Owned	Corporate Offices
ParTech, Inc.	11545 W. Bernardo Court San Diego, California 92127	Leased	Brink Offices in CA Omninet San Diego WP, LLP d/b/a Bernardo Regency Center 9420 Wilshire Blvd., 4th Floor Beverly Hills, CA 90212
ParTech, Inc.	951 Broken Sound Parkway, Suite 200 Boca Raton, Florida 33487	Leased	ParTech Offices in Florida WPT Land 2L c/o Workspace Property Trust 700 Dresher Road, Suite 150 Horsham, PA 19044
ParTech, Inc.	2511 55th Street Boulder, Colorado 80301	Leased	ParTech Offices in Colorado Reef Flatiron, LLC c/o Central Management 1801 Lawrence Street Denver, CO 80202
PAR Government Systems Corporation	421 Ridge Street Rome, New York 13440	Leased	PAR Government Systems Corporation Offices 421 Ridge Street, LLC 14875 N.E. Tangen Road Newberg, Oregon 97132

(1) Each parcel of real property located in the United States that is owned/leased by any Loan Party containing Collateral having a value in excess of $75,000.

(i) Patents Owned:

Patent Description	Country	Patent Number	Issue Date	Owner
Managing Assets with Active Electronic Tags	USA	5,774,876	06/30/98	PAR Technology Corporation
Communicating with Electronic Tags	USA	5,804,810	09/08/98	PAR Technology Corporation
Simulating Corneal Laser Surgery	USA	5,843,070	12/01/98	PAR Technology Corporation
Sensing With Active Electronic Tags	USA	5,892,441	04/06/99	PAR Technology Corporation
Measuring Distance	USA	5,959,568	09/28/99	PAR Technology Corporation
Communicating with Electronic Tags	Canada	2,259,000	08/16/05	PAR Technology Corporation
Sensing With Active Electronic Tags	Canada	2,258,925	10/11/05	PAR Technology Corporation
Point of Sale Unit Having Integral Customer and Operator Interfaces	USA	D525,282	07/18/06	PAR Technology Corporation
Point of Sale Unit Having Integral Customer and Operator Interfaces	China (Peoples Republic)	30123401.8	02/14/07	PAR Technology Corporation
Tunable Imaging Sensor	USA	7,460,167	12/02/08	PAR Technology Corporation
Measuring Distance	Canada	2,258,278	03/17/09	PAR Technology Corporation
Base for Point of Sale Monitor	USA	D620519	07/27/10	PAR Technology Corporation
Point of Sale Monitor	US	D625,355	10/12/10	PAR Technology Corporation
System and Method for Employee Incentive Game	USA	8,287,340	10/16/12	PAR Technology Corporation
Handheld Temperature Monitoring Device	EU	001350227-0001	11/05/12	PAR Technology Corporation
Point of Sale Display	EU	001360051-0001	02/06/13	PAR Technology Corporation
Point of Sale Display	EU	001360051-0002	02/06/13	PAR Technology Corporation
Point of Sale Display	EU	001360051-0003	02/06/13	PAR Technology Corporation
Point of Sale Display	EU	001360051-0004	02/06/13	PAR Technology Corporation
Handheld Temperature Monitoring Device	China (Peoples Republic)	ZL 201230556844.6	05/15/13	PAR Technology Corporation
Handheld Temperature Monitoring Device	USA	D689381	09/10/13	PAR Technology Corporation
Point of Sale Display	USA	D689921	09/17/13	PAR Technology Corporation
Point of Sale Display	China (Peoples Republic)	ZL 201330038826.3	11/20/13	PAR Technology Corporation
Point of Sale Display	China (Peoples Republic)	ZL 201330037846.9	11/27/13	PAR Technology Corporation

Patent Description	Country	Patent Number	Issue Date	Owner
Point of Sale Display	Canada	14610	01/03/14	PAR Technology Corporation
Point of Sale Display	Canada	149608	01/03/14	PAR Technology Corporation
Point of Sale Display	Canada	149609	01/03/14	PAR Technology Corporation
Point of Sale Display	Canada	149607	01/03/14	PAR Technology Corporation
Handheld Temperature Monitoring Device	Canada	150134	01/21/14	PAR Technology Corporation
Point of Sale Terminal	USA	D706864	06/10/14	PAR Technology Corporation
Point of Sale Terminal	USA	D706863	06/10/14	PAR Technology Corporation
Point of Sale Display	USA	D707288	06/17/14	PAR Technology Corporation
Temperature Monitoring Device for Workflow Monitoring System	USA	8,931,952	01/13/15	PAR Technology Corporation
Temperature Monitoring Device for Workflow Monitoring System	USA	9,304,045	04/05/16	PAR Technology Corporation
Software Development Kit for LIDAR Data	USA	9,354,825	05/31/16	PAR Technology Corporation
Software Development Kit for LIDAR Data	USA	9,407,285	08/02/16	PAR Technology Corporation

(ii) Patents Licensed (for the benefit of all operating companies):

Patent Description	Regist'n No.	Registration Date	Expiration Date	Owner/ Licensor
Information management and synchronous communications system with menu generation	6,384,850	05-07-2002	09-21-2019	Ameranth Wireless Inc.
Information management and synchronous communications system with menu generation	6,871,325	03-22-2005	11-01-2021	Ameranth Wireless Inc.
Information management and synchronous communications system with menu generation and handwriting and voice modification of orders	6,982,733	01-03- 2006	11-01-2021	Ameranth Wireless Inc.
Information management and synchronous communications system with menu generation and handwriting and voice modification of orders	8,146,077	03-27-2012	04-22-2025	Ameranth Wireless Inc.

In addition to the above, PAR Technology Corporation holds various patent licenses as a result of a settlement agreement in an action relating to its former operating subsidiary, PAR Logistics Management Systems Corporation.

(iii) Patent Applications:

Patent Application	Country	Application Filing or Publication Date	Application or Publication Number	Applicant/Owner
Simulating Corneal Laser Surgery	UK	05/13/97	97924686.5 - Pending	PAR Technology Corporation
Point of Sale Terminal Having Integrated Customer and Operator Interfaces	China – Peoples Republic	03/21/14	10090972.5 - Published	PAR Technology Corporation
Point of Sale Terminal Having Integrated Customer and Operator Interfaces	Hong Kong	03/30/07	1094368 - Published	PAR Technology Corporation
Temperature Monitoring Device for Workflow Monitoring System	PCT	03/21/14	PCT/US13/36274 – Published	PAR Technology Corporation
GvTether™ is a connectivity solution comprised of rugged, man-portable hardware device with customer tethering software	USA	03/21/14	13/947830 – Published	PAR Technology Corporation
Software Development Kit for Imaging Data	PCT	03/21/14	PCT/US14/15949 - Published	PAR Technology Corporation
Point of Sale Terminal	IB	09/27/15	35001089 – Pending	PAR Technology Corporation
Temperature Monitoring Device for Workflow Monitoring System	China	05/06/15	201380034786.X – Published	PAR Technology Corporation
Temperature Monitoring Device for Workflow Monitoring System	EP	03/09/15	13782152.6 - Published	PAR Technology Corporation
Temperature Monitoring Device for Workflow Monitoring System	USA	05/13/15	14/593698 - Published	PAR Technology Corporation
Software Development Kit for Imaging Data	USA	08/24/15	14/625587 - Published	PAR Technology Corporation
Monitor Tilt Mechanism for Point of Sale Terminal	USA	10/07/16	15/279750 – Pending	PAR Technology Corporation
Monitor Tilt Mechanism for Point of Sale Terminal	PCT	10/07/16	PCT/US16/54359 - Pending	PAR Technology Corporation
Monitor Tilt Mechanism for Point of Sale Terminal	USA	10/07/16	15/279750 – Pending	PAR Technology Corporation
Monitor Tilt Mechanism for Point of Sale Terminal	PCT	10/07/16	PCT/US16/54359 - Pending	PAR Technology Corporation

(iv) Trademarks Owned:

Trademark	Registration Number	Registration Date	Owner
CARGO*MATE (Canada)	693,742	08/08/07	PAR Technology Corporation
pAR	3,686,108	09/22/09	PAR Technology Corporation
PAR EVERSERV (EU)	007435456	09/24/09	PAR Technology Corporation
PAR EVERSERV (China – Peoples Republic)	7196207	10/28/10	PAR Technology Corporation
PAR EVERSERV (USA)	3,880,595	11/23/10	PAR Technology Corporation
PAR (with pineapple top logo) (USA)	3,941,798	04/05/11	PAR Technology Corporation
ePAR EVERSERV Logo (USA)	3,941,799	04/05/11	PAR Technology Corporation
ePAR EVERSERV Logo (Mexico)	1483675	09/24/13	PAR Technology Corporation
ePAR EVERSERV Logo (Mexico)	1434961	02/18/14	PAR Technology Corporation
ePAR EVERSERV Logo (Mexico)	1437564	02/26/14	PAR Technology Corporation
BOUNDLESS RETAILING BY PAR Logo (USA)	3,941,800	04/05/11	PAR Technology Corporation
BOUNDLESS RETAILING BY PAR Logo (USA)	3,941,801	04/05/11	PAR Technology Corporation
PIXELPOINT (USA)	4,022,394	09/06/11	PAR Technology Corporation
Gv2F (stylized)	011015245	12/12/12	PAR Technology Corporation
SURECHECK (Int'l – Madrid Protocol; CTM; Japan; New Zealand; Australia)	1,156,524	03/06/13	PAR Technology Corporation
Gv2F (stylized)	4,362,144	07/02/13	PAR Technology Corporation
SURECHECK (USA)	4,385,335	08/13/13	PAR Technology Corporation
SURECHECK (Canada)	TMA898628	03/12/15	PAR Technology Corporation
GV (& globe) logo (USA)	4668134	01/06/15	PAR Technology Corporation
GV (& globe) logo (EU)	011760899	09/16/13	PAR Technology Corporation
Gv2F Logo (globe design) (EU)	011015401	10/04/13	PAR Technology Corporation
SURECHECK logo (mobile app icon; notepad with pineapple + 2 checkmarks) (Int'l – Madrid Protocol; Australia; CTM; Japan; New Zealand)	1,190,936	12/17/13	PAR Technology Corporation
SURECHECK logo (mobile app icon; notepad with pineapple + 2 checkmarks) (USA)	4,642,168	11/18/14	PAR Technology Corporation

POWERING BETTER GUEST EXPERIENCES (USA)	4,495,760	03/11/14	PAR Technology Corporation
BRINK POS (US)	4,803,900	09/01/15	PAR Technology Corporation
BRINK POS (Australia)	1709873	07/27/15	PAR Technology Corporation
PAR Government	4,955,545	05/10/16	PAR Technology Corporation

(v) Trademark Applications:

Trademark Application	**Application Filing Date**	**Application Serial Number**	**Applicant**
SURECHECK logo (mobile app icon; notepad with pineapple + 2 checkmarks) (Canada)	07/01/15 – Published	1658733	PAR Technology Corporation

(vi) Copyrights Owned:

Copyright	Registration No.	Registration Date	Owner
PixelPoint Software	TX6-967-101	08-19-09	PAR Technology Corporation
A-Line FS-10 network manager 1.8	TX0003347084	07/16/92	PAR Microsystems, Inc. (nka ParTech, Inc.)
A-Line FS-10 network manager 3.0	TX0003347085	07/16/92	PAR Microsystems, Inc. (nka ParTech, Inc.)

SCHEDULE 3.06

Disclosed Matters

Schedule 3.06
Litigation and Environmental Matters
(Disclosed Matters)

(a) Actions, suits or proceedings pending or threatened against any Loan Party or any Subsidiary, which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

None

(b) Failure to comply, become the subject of or known basis for any Environmental Liability, which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

None

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

SCHEDULE 3.14

Insurance

Schedule 3.14
Insurance

Description of all property and liability insurance maintained by or on behalf of the Loan Parties and their Subsidiaries.

Domestic:
General Liability
Automobile
Umbrella
Workers' Compensation
Property (Includes flood/earth movement/wind/business income)
Ocean Cargo
Cyber Liability (Professional Liability and Security & Privacy Liability)

Foreign/Overseas Coverage (Singapore/China/France/England/United Arab Emirate):
General Liability
Automobile
Workers' Compensation
Property

Canada:
Automobile
Property

Australia:
General Liability
Property

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

SCHEDULE 3.15

Capitalization and Subsidiaries

Schedule 3.15
Capitalization and Subsidiaries

Attached

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

PAR Technology Corporation
and its Subsidiaries

PAR Technology Corporation and its Subsidiaries	Jurisdiction of Incorporation/Formation	Equity Authorized/ Issued and Outstanding	Ownership Percentage (including relationship of each Subsidiary to PAR Technology Corporation)[1]
PAR Technology Corporation	Delaware	29,000,000 shares of common stock and 1,000,000 shares of preferred stock are authorized 17,485,622 shares of common stock and 0 shares of preferred stock are issued and outstanding as of 9/30/16	Publicly Traded, NYSE Greater than 10% beneficial owners:[2] Dr. John W. Sammon, Deanna D. Sammon J.W. Sammon Corp Sammon Family Limited Partnership
ParTech, Inc.	New York	2,000,000 shares of common stock and 0 shares of preferred stock are authorized 20,000 shares of common stock and 0 shares of preferred stock are issued and outstanding	Direct Subsidiary PAR Technology Corporation owns 100% of the equity interests of ParTech, Inc.
PAR Government Systems Corporation	New York	1,000,000 shares of common stock and 0 shares of preferred stock are authorized 1,000 shares of common stock and 0 shares of preferred stock are issued and outstanding	Direct Subsidiary PAR Technology Corporation owns 100% of the equity interests of PAR Government Systems Corporation

1 Direct or Indirect Subsidiary of PAR Technology Corporation

2 Based on a review of Schedule 13G fillings as of the date of the Credit Agreement

Ausable Solutions, Inc.	Delaware	10,000 shares of common stock and 0 shares of preferred stock are authorized 10,000 shares of common stock and 0 shares of preferred stock are issued and outstanding	Direct Subsidiary PAR Technology Corporation owns 100% of the equity interests of Ausable Solutions, Inc.
PAR Canada, ULC	Alberta, Canada	Unlimited shares of common and preferred stock are authorized 1,000,000 common shares and 7,450,000 preferred shares are issued and outstanding	Direct Subsidiary Ausable Solutions, Inc. owns 100% of the equity interests of PAR Canada, ULC
Brink Software, Inc.	California	5,000,000 shares of common stock and 0 shares of preferred stock are authorized 1,057,194 shares of common stock and 0 shares of preferred stock are issued and outstanding	Indirect Subsidiary ParTech, Inc. owns 100% of the equity interests of Brink Software, Inc.
Rome Research Corporation	New York	200 shares of common stock and 0 shares of preferred stock are authorized 100 shares of common stock and 0 shares of preferred stock are issued and outstanding	Indirect Subsidiary PAR Government Systems Corporation owns 100% of the equity interests of Rome Research Corporation
PAR Technology Australia Pty Ltd	Australia	100 shares of ordinary stock and 0 shares of preferred stock are authorized 100 shares of ordinary stock and 0 shares of preferred stock are issued and outstanding	Indirect Subsidiary Rome Research Corporation owns 100% of the equity interests of PAR Technology Australia Pty Ltd
ParTech (Shanghai) Co., Ltd.	China	$390,000 registered capital	Indirect Subsidiary ParTech, Inc. owns 100% of the equity interests of ParTech (Shanghai) Co., Ltd

PAR Springer-Miller Systems, Inc.	Delaware	3,000 shares of common stock and 0 shares of preferred stock are authorized 1 share of common stock and 0 shares of preferred stock are issued and outstanding	Indirect Subsidiary ParTech, Inc. owns 100% of the equity interests of PAR Springer-Miller Systems, Inc.
Springer-Miller International, LLC	Delaware	Limited liability company interests	Indirect Subsidiary PAR Springer-Miller Systems, Inc. owns 100% of the equity interests of Springer-Miller International, LLC
Springer-Miller Canada, ULC	Nova Scotia, Canada	40,000 shares of common stock and 0 shares of preferred stock are authorized 1 share of common stock and 0 shares of preferred stock are issued and outstanding	Indirect Subsidiary Springer-Miller International, LLC owns 100% of the equity interests of Springer-Miller Canada, ULC
Par-Siva Corporation	New York	100 shares of common stock and 0 shares of preferred stock are authorized 10 shares of common stock and 0 shares of preferred stock are issued and outstanding	Direct Subsidiary PAR Technology Corporation owns 100% of the equity interests of Par-Siva Corporation
PAR Logistics Management Systems Corporation	New York	100 shares of common stock and 0 shares of preferred stock are authorized 10 shares of common stock and 0 shares of preferred stock are issued and outstanding	Direct Subsidiary PAR Technology Corporation owns 100% of the equity interests of PAR Logistics Management Systems Corporation
PAR Springer-Miller Systems Private Ltd.	India	$100,000 of authorized capital	Indirect Subsidiary ParTech, Inc. owns 100% of the equity interests of PAR Springer-Miller Systems Private Ltd.

PAR Microsystems Domestic International Sales Corporation	New York	200 shares of common stock and 0 shares of preferred stock are authorized	Direct Subsidiary PAR Technology Corporation owns 100% of the equity interests of PAR Microsystems Domestic International Sales Corporation
PAR Microsystems, S.A. (Proprietary) Limited	South Africa	4,000 shares of common stock and 0 shares of preferred stock are authorized 30 shares of common stock and 0 shares of preferred stock are issued and outstanding	Indirect Subsidiary ParTech, Inc. owns 100% of the equity interests of Par Microsystems, S.A. (Proprietary Limited)

SCHEDULE 3.22

Affiliate Transactions

Schedule 3.22
Affiliate Transactions

Effective January 1, 2016, Karen E. Sammon became President and Chief Executive Officer ("CEO") of PAR Technology Corporation (the "Company"). Ms. Sammon is an immediate family member (daughter) of Dr. John W. Sammon, a Director and beneficial owner of more than 5% of the Company's outstanding common stock. Prior to becoming President and CEO of the Company, Ms. Sammon served as President of ParTech, Inc., a wholly owned subsidiary of the Company and the principal business unit in the Company's Hospitality business segment.

John W. Sammon, III, an immediate family member (son) of Dr. John Sammon and Karen E. Sammon (brother), became an employee of ParTech, Inc. on October 13, 2014.

Karen E. Sammon and John W. Sammon, III are principals in Sammon and Sammon, LLC, a New York limited liability company doing business as Paragon Racquet Club. Paragon Racquet Club leases a portion of the Company's facilities located at 8383 Seneca Parkway, New Hartford, New York, on a month-to-month basis at the base rate of $9,775. In addition, Paragon Racquet Club provides memberships to the Company's local employees. Both Ms. Sammon and Mr. Sammon are members of the immediate family of Dr. Sammon a Director and beneficial owner of more than 5% of the Company's outstanding common stock.

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

SCHEDULE 6.01

Existing Indebtedness

Schedule 6.01
Existing Indebtedness

1. PAR Technology Corporation is indebted to NBT Bank, N.A. pursuant to a loan, secured by a mortgage on real property situated at 8387 Seneca Turnpike, New Hartford, New York 13413. At September 30, 2016, the principal balance was $598,000. The loan matures on November 1, 2019 and bears interest at 4.0% (fixed) through maturity. The annual loan payment including interest through November 1, 2019 totals $206,000.

2. Potential earn-out payments under the stock purchase agreement among Brink Software, Inc. and its shareholders and PAR Technology Corporation and ParTech, Inc., in the aggregate amount of up to $7,000,000.

3. In the normal course of business, PAR Technology Corporation may guarantee the obligations of one or more of its Subsidiaries under their respective facility/office lease(s).

4. Indebtedness disclosed in PAR Technology Corporation's unaudited interim consolidated financial statements for its fiscal quarter ended September 30, 2016 and the accompanying notes.

5. ParTech, Inc. is guarantor under two Equipment Finance Agreements, one dated as of December 17, 2014 and the other December 19, 2014, through a Contract Repurchase Agreement with Wells Fargo Financial Leasing, Inc. dated December 31, 2014.

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

SCHEDULE 6.02

Existing Liens

Schedule 6.02
Existing Liens

Loan Party/Debtor	Secured Party	Collateral	Filing Type
PAR Technology Corporation	NBT Bank, N.A.	Mortgage & Assignment of Leases and Rents Lien/Fixture Filing	Mortgage Recorded on April 11, 2000 in Book 3329 of Mortgages @ 343 & Assignment of Leases and Rents Recorded on April 11, 2000 in Book 2913 of Deeds at page 56 UCC –Fixture Filing Oneida County Clerk Filing Date: 4/11/2000 File#001686
PAR Technology Corporation	Xerox Financial Services	Specified Equipment together with all parts, attachments, additions, replacements and repairs incorporated in or affixed thereto	UCC Office of NY Secretary of State Filing Date:1/13/2016 File#201601135045483 Filing Date: 6/72012 File#201206075658809
ParTech, Inc.	Suppliers of Consigned Inventory	Consigned Inventory	
ParTech, Inc.	Mitel Leasing Inc. (Rental Arrangement)	Specific Equipment, together with all substitutions, modifications and replacements	UCC – Rental Arrangement Office of NY Secretary of State Filing Date:4/3/2012 File#201204030187346 Filing Date:4/16/2012 File#201204160214568
ParTech, Inc.	LEAF Capital Funding, LLC	See Mitel Equipment	UCC Office of NY Secretary of State Filing Date:3/30/2012 File#201203305368592
ParTech, Inc.	Freight Forwarders/Custom Brokers	Inventory (in transit)	Possession[(1)]

[(1)] Security Interest in Inventory in possession to secure any unpaid fees

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology

Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

SCHEDULE 6.04

Existing Investments

Schedule 6.04
Existing Investments

Partech, Inc. invested an aggregate amount of approximately $390,000 in ParTech (Shanghai) Co., Ltd.

Investments disclosed in PAR Technology Corporation's unaudited interim consolidated financial statements for its fiscal quarter ended September 30, 2016 and the accompanying notes.

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

SCHEDULE 6.10

Existing Restrictions

Schedule 6.10
Restrictive Agreements

None

Capitalized terms used in this Schedule (including attached hereto) and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, to which this Schedule is attached, between PAR Technology Corporation, together with certain of its affiliated entities, and JPMorgan Chase Bank, N.A.

EXHIBIT A
OPINION OF COUNSEL FOR THE LOAN PARTIES

[Effective Date]

JPMorgan Chase Bank, N.A.
Bridgewater Place
500 Plum Street, Floor 7
Syracuse, New York 10017

Ladies and Gentlemen:

[I/We] have acted as counsel for Par Technology Corporation, a Delaware corporation (the "Borrower"), and the other Loan Parties (as defined in the Credit Agreement referred to below) in connection with the Credit Agreement dated as of _____, 2016 (the "Credit Agreement"), among the Borrower, the other Loan Parties party thereto, and JPMorgan Chase Bank, N.A. Except as otherwise indicated, terms defined in the Credit Agreement are used herein with the same meanings.

In connection with this opinion [I/we] have reviewed the Credit Agreement, Revolving Promissory Note issued pursuant to the Credit Agreement, _____ and all other agreements, instruments, documents and certificates executed and delivered to, or in favor of, the Lender (collectively "Loan Documents").

[I/We] have also examined the original or copies, certified or otherwise identified to our satisfaction, of the certificates of incorporation or certificate of formation and what has been presented to us as true copies of the by-laws or operating agreements of the Loan Parties (collectively the "Organizational Documents") and such other records, certificates, documents and instruments as we have deemed necessary or advisable for the purpose of this opinion. As to various questions of fact material to this opinion, we have relied upon certificates and written statements of the officers and other duly authorized representatives of the Loan Parties.

We express no opinion with respect to (i) the title to or rights of any of the Loan Parties in any property thereof, (ii) the adequacy of the description thereof or (iii) the creation, attachment, perfection or priority of any liens thereon and/or security interest therein.

We have assumed that the Lender has complied with all state and/or federal laws and regulations applicable thereto arising out of the Loan or its status as Lender.

Upon the basis of the foregoing, we are of the opinion that:

1. Each Loan Party (a) is a corporation, partnership or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization, (b) has all requisite power and authority to carry on its business as now conducted and (c) except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

2. The Transactions are within each Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. The Loan Documents have been duly executed and delivered by the Loan Parties and constitute legal, valid and binding obligations of the Loan Parties, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

3. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of any Loan Party or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Loan Party or its assets, or give rise to a right thereunder to require any payment to be made by such Loan Party, and (d) will not result in the creation or imposition of any Lien on any asset of any Loan Party.

4. There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to [my/our] knowledge, threatened against or affecting any Loan Party (a) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect (other than the Disclosed Matters) or (b) that involve the Loan Documents or the Transactions.

5. None of the Loan Parties is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

6. The making of the Loans and the application of proceeds thereof as provided in the Agreement do not violate Regulation U of the Board of Governors of the Federal Reserve System.

7. The provisions of the Collateral Documents are sufficient to create in favor of the Lender a security interest in all right, title and interest of each Loan Party in those items and types of collateral described in the Collateral Documents in which a security interest may be created under Article 9 of the UCC as in effect on the date hereof in the State of New York. Financing statements on Form UCC-1 have been duly authorized by each Loan Party and have been duly filed in each filing office indicated on Exhibit A hereto under the UCC in effect in each state in which said filing offices are located. The description of the collateral set forth in said financing statements is sufficient to perfect a security interest in the items and types of collateral described therein in which a security interest may be perfected by the filing of a financing statement under the UCC as in effect in such states. Such filings are in proper form for filing and are sufficient to perfect the security interest created by the Collateral Documents in all right, title and interest of the Loan Parties in those items and types of collateral described in the Collateral Documents in which a security interest may be perfected by the filing of a financing statement under the UCC in such states.

8. Assuming that the Lender has taken and is retaining possession of the stock certificates evidencing any Equity Interests described in the Security Agreement (the "Pledged Stock"), together with properly completed stock powers endorsing the Pledged Stock and executed by the "Grantors" named in the Security Agreement in blank, and that the Lender has taken such Pledged Stock in good faith without notice of any adverse claim within the meaning of the UCC, there has been created under the Security Agreement, and there has been granted to the Lender, a valid and perfected first priority security interest in the Pledged Stock, with the consequence of perfection by control accorded by the UCC.

9. Assuming that funds are maintained on deposit in Deposit Accounts with [insert names of applicable banks], the deposit account control agreements with such banks are sufficient to create, in favor of the Lender, a perfected security interest in such Deposit Accounts and the funds deposited therein, with the consequences of perfection by control accorded by the UCC.

[I am a member/We are members] of the bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States of America. This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by any other Person (other than your successors and assigns as Lender and Persons that acquire participations in your Loans) without our prior written consent.

Very truly yours,

EXHIBIT B
FORM OF BORROWING REQUEST/FUNDING NOTICE

[Date]

JPMorgan Chase Bank, N.A.
10 South Dearborn, Floor L2S
Chicago, IL, 60603-2300
Attention: Muoy Lim
JPM.AGENCY.SERVICING.1@JPMCHASE.COM

Re: Credit Agreement dated as of November 29, 2016 (as amended, modified, renewed or extended from time to time, the "Credit Agreement") among Par Technology Corporation (the "Borrower"), the other Loan Parties and JPMorgan Chase Bank, N.A. ("Lender")

Ladies and Gentlemen:

Reference is hereby made to the above-captioned Credit Agreement. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The undersigned Borrower hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and in that regard the undersigned Borrower specifies the following information with respect to such Borrowing requested hereby:

1. Aggregate principal amount of Borrowing:[31] _____

2. Date of Borrowing (which shall be a Business Day): _____

3. Type of Borrowing (CBFR or Eurodollar): _____

4. Interest Period and the last day thereof (if a Eurodollar Borrowing):[32] _____

5. Account Number of account to which proceeds of Borrowing are to be deposited: _____

The undersigned hereby represents and warrants that the conditions to lending specified in Section 4.02 of the Credit Agreement are satisfied as of the date of the requested Borrowing.

PAR TECHNOLOGY CORPORATION

By:_____
Name:
Title:

[31] Not less than applicable amounts specified in Section 2.02(c).
[32] Which must comply with the definition of "Interest Period" and end not later than the Maturity Date.

EXHIBIT C

BORROWING BASE CERTIFICATE

See attached

EXHIBIT D
COMPLIANCE CERTIFICATE

To: JPMorgan Chase Bank, N.A.

This Compliance Certificate ("Certificate"), for the period ended _____ __, 201_, is furnished pursuant to that certain Credit Agreement dated as of _____, 2016 (as amended, restated, modified, renewed or extended from time to time, the "Agreement") among Par Technology Corporation (the "Borrower"), the other Loan Parties, and JPMorgan Chase Bank, N.A., as Lender. Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the _____of the Borrower and I am authorized to deliver this Certificate on behalf of the Borrower and its Subsidiaries;

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the compliance of the Borrower and its Subsidiaries under the Agreement during the accounting period covered by the attached financial statements (the "Relevant Period") ;

3. The attached financial statements of the Borrower and, as applicable, its Subsidiaries and/or Affiliates for the Relevant Period: (a) have been prepared on an accounting basis (the "Accounting Method") consistent with the requirements of the Agreement and, except as may have been otherwise expressly agreed to in the Agreement, in accordance with GAAP consistently applied, and (b) to the extent that the attached are not the Borrower's annual fiscal year end statements, are subject to normal year-end audit adjustments and the absence of footnotes;

4. The examinations described in paragraph 2 did not disclose and I have no knowledge of, except as set forth below, (a) the existence of any condition or event which constitutes a Default or an Event of Default under the Agreement or any other Loan Document during or at the end of the Relevant Period or as of the date of this Certificate or (b) any change in the Accounting Method or in the application thereof that has occurred since the date of the annual financial statements delivered to the Lender in connection with the closing of the Agreement or subsequently delivered as required in the Agreement;

5. I hereby certify that, except as set forth below, no Loan Party has changed (i) its name, (ii) its chief executive office, (iii) its principal place of business, (iv) the type of entity it is or (v) its state of incorporation or organization without having given the Lender the notice required by Section 4.15 of the Security Agreement;

6. The representations and warranties of the Loan Parties set forth in the Loan Documents are true and correct as of the date hereof except to the extent that any such representation or warranty specifically refers to an earlier date, in which case it is true and correct only as of such earlier date;

7. Schedule Iattached hereto sets forth financial data and computations evidencing the Borrower's compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct; and

8. Schedule II hereto sets forth the computations necessary to determine the Applicable Rate commencing on the Business Day this Certificate is delivered.

Described below are the exceptions, if any, referred to in paragraph 4 hereof by listing, in detail, the (i) nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event or (ii) change in the Accounting Method or the application thereof and the effect of such change on the attached financial statements:

_____

_____

_____

The foregoing certifications, together with the computations set forth in Schedule I and Schedule II hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this ___day of _____, ____.

PAR TECHNOLOGY CORPORATION

By:_____
Name:_____
Title: _____

Schedule I to Compliance Certificate

Compliance as of _____, ____ with
Provisions of Sections 6.04(c)(ii), 6.04 (d)(ii), 6.04(e)(ii) and 6.12 of the Agreement

Schedule II to Compliance Certificate

Borrower's Applicable Rate Calculation

EXHIBIT E

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (this "Agreement"), dated as of [ ], is entered into between _____, a _____ (the "New Subsidiary") and JPMORGAN CHASE BANK, N.A. (the "Lender") under that certain Credit Agreement dated as of _____, 2016 (as the same may be amended, modified, extended or restated from time to time, the "Credit Agreement") among Par Technology Corporation (the "Borrower"), the other Loan Parties party thereto, and the Lender. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

The New Subsidiary and the Lender, hereby agree as follows:

1. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Subsidiary will be deemed to be a Loan Party under the Credit Agreement and a "Loan Guarantor" for all purposes of the Credit Agreement and shall have all of the obligations of a Loan Party and a Loan Guarantor thereunder as if it had executed the Credit Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement, including without limitation (a) all of the representations and warranties of the Loan Parties set forth in Article III of the Credit Agreement, (b) all of the covenants set forth in Articles V and VI of the Credit Agreement and (c) all of the guaranty obligations set forth in Article IX of the Credit Agreement. Without limiting the generality of the foregoing terms of this paragraph 1, the New Subsidiary, subject to the limitations set forth in Section 9.10 and 9.13 of the Credit Agreement, hereby guarantees, jointly and severally with the other Loan Guarantors, to the Lender, as provided in Article IX of the Credit Agreement, the prompt payment and performance of the Guaranteed Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof and agrees that if any of the Guaranteed Obligations are not paid or performed in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), the New Subsidiary will, jointly and severally together with the other Loan Guarantors, promptly pay and perform the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

2. If required, the New Subsidiary is, simultaneously with the execution of this Agreement, executing and delivering such Collateral Documents (and such other documents and instruments) as requested by the Lender in accordance with the Credit Agreement.

3. The address of the New Subsidiary for purposes of Section 8.01 of the Credit Agreement is as follows:

_____

_____

_____

4. The New Subsidiary hereby waives acceptance by the Lender of the guaranty by the New Subsidiary upon the execution of this Agreement by the New Subsidiary.

5. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

6. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Subsidiary has caused this Agreement to be duly executed by its authorized officer, and the Lender, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[NEW SUBSIDIARY]

By: _____
Name:
Title:

Acknowledged and accepted:

JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title:

Exhibit 10.22

November 14, 2016

Mr. Bryan Menar
4531 Pauli Drive
Manlius, NY 13104

Dear Bryan;

On behalf of myself and the Board of Directors of PAR Technology Corporation ("PAR" or "Company"), I am pleased to offer you to the position of Vice President and Chief Financial Officer of PAR Technology Corporation. Upon execution by you, this letter will constitute your employment offer from PAR regarding your service beginning January 3, 2017, the date at which your employment will be effective (the "Start Date"). This offer and your employment relationship are subject to the terms and conditions of this letter set forth below.

Position
You will join the Company as the Vice President and Chief Financial Officer of PAR Technology Corporation, reporting to the President and Chief Executive Officer. Your position will be located at PAR's corporate headquarters in New Hartford, New York. You will be expected to devote your full working time and attention exclusively to the business and interests of PAR and to comply with and be bound by PAR's operating policies, procedures and practices. You may not render services to any other business without prior approval of the Board of Directors, nor engage or participate, directly or indirectly, in any business that is competitive in any manner with the businesses of PAR.

Annual Base Salary
As of the Start Date, you will be compensated at an annualized salary of $250,000 ("Annual Base Salary"), subject to applicable payroll deductions and such federal, state and local taxes and other withholdings as are required by law. PAR will also offer you a signing bonus in the amount of $50,000.00 to be paid within thirty days of you joining the organization. The Annual Base Salary and Signing Bonus shall be paid in accordance with PAR's standard payroll practices.

Annual Cash Bonus
While employed hereunder, you will be eligible to receive an "Annual Cash Bonus" in accordance with the terms of PAR's Incentive Compensation Plan ("ICP") and shall be based upon performance against financial targets associated with the Annual Operating Plan ("AOP") and specific business objectives determined by the Board of Directors on an annual basis. You will be eligible for the Annual Cash Bonus starting in the 2017 calendar year. Your participation level for on target performance for 2017 ICP will be up to 30% of your Annual Base Salary.

New Hire Option Award
Subject to any trading black out periods that may be imposed from time to time by the Company, you will be granted 40,000 non-qualified stock options ("New Hire Options") at the Board's next scheduled date for option grants.Such options will be granted at the fair market value of the stock as of the market close on the date of grant and will vest in equal installments over four years (i.e., 10,000 shares of the grant will vest each year), with the first 10,000 shares vesting on the first anniversary of the date of grant. The grant will be subject to the terms of the applicable Equity Incentive Plan and the standard terms of equity grants as have been approved by the Board.

Severance
Should your employment be terminated before the three year anniversary of the Start Date by PAR for any reason other than for Cause,as defined herein, or if you terminate your employment for Good Reason, as defined herein, PAR will pay you a severance amount equal to six months of your then current Annual Base Salary in exchange for a duly executed standard release of claims.

For purposes of this Agreement "Cause" shall be defined as your:

1. refusal or willful failure to substantially perform your material job duties and responsibilities;

2. failure or refusal to comply in any material respect with (a) Company policies and (b) lawful directives of the Chief Executive Officer and Board of Directors;

3. material breach of any contract or agreement between you and the Company (including but not limited to this Agreement and any equity incentive or restrictive covenant agreements);

4. material breach of any statutory duty, fiduciary duty or any other obligation that you owe to the Company;

5. commission of an act of fraud, theft, embezzlement and other unlawful act against the Company or involving its property or assets (including, without limitation, its products and services);

6. engaging in unprofessional,unethical or other acts that materially discredit the Company or are materially detrimental to the reputation, character or standing of the Company, its property or assets (including, without limitation, its products and services); and

7. you indictment or conviction or plea of nolo contendere or guilty plea with respect to any felony or crime of moral turpitude.

For purposes of this Agreement, Good Reason shall be defined as any of the following, which is not cured by the Company within 30 days following written notification from you to the Company as required below: (i) directing or otherwise requiring you to take any action that would constitute a felony or other crime, moral turpitude, misappropriation, dishonesty, unethical business conduct, including bribery or similar conduct, fraud or breach of fiduciary duty; (ii) without your consent, a significant reduction by the Company in your Annual Base Salary; or (iii) the Company's material breach of the Company's material obligations under this Agreement. You shall provide the Company with written notice detailing the specific circumstances alleged to constitute Good Reason within 30 days after you first know of such circumstances, or with the exercise of reasonable diligence would know, of the occurrence of such circumstances, and must actually terminate employment within 30 days following the expiration of the Company's cure period if the Company has failed to cure such circumstances within such period. Otherwise, any claim of such circumstances as "Good Reason" shall be deemed irrevocably waived by you.

Benefits
You will be eligible to participate in all standard employee benefit plans as may be in effect and as amended from time to time for PAR employees generally. Your participation shall be subject to the terms of the applicable plan documents, as well as generally applicable policies associated with such benefits, as such plan documents and policies may be amended from time to time.

PAR's current benefit package includes an Employee Choice Plan with options as follows:

- Health, Dental and Vision Insurance
- Supplemental Short-Term Disability Insurance
- Long-Term Disability Insurance
- Supplemental Life Insurance
- Spouse and child/children life insurance
- Flexible Spending Accounts for Unreimbursable Medical Expenses and Dependent Care

Please be aware that employee-elected benefits are not available to you until the first calendar day of the month following your Start Date.

All full-time employees are eligible for the benefits below effective on the first day of their employment. They are as follows:

- New York State Disability Insurance
- Life Insurance (2x Annual Base Salary to a maximum of $500K)
- PAR Technology Corporation Retirement Plan including: a 401(k) - matched by Company at 10% of employee contribution, with automatic enrollment at 3% level, and profit sharing with 100% contribution by Company at the sole discretion of the Board based on financial results.
- Paid Holidays (7)

Annual Leave and Personal Time Off- Annual Leave (i.e., vacation) will be accrued at the rate of 10 hours per month, yielding three weeks Annual Leave per fiscal year . In addition, you will receive four (4) Personal Time Off days per fiscal year. Unused Personal Time Off and Annual Leave may not be carried over to succeeding years.

Your employment with PAR will be "at-will." This means your employment is not for any specific period of time and can be terminated by you at any time for any reason. Likewise, PAR may terminate the employment relationship at any time, with or without cause or advance notice. In addition, PAR reserves the right to modify your position or duties to meet business needs and to use discretion in imposing appropriate discipline should such action be deemed necessary.

Contingencies. This offer is contingent upon the following:

- Signing Company's Employment Agreement (See enclosed).
- Compliance with federal Form 1-9 requirements (please bring suitable documentation with you within your first three days of work verifying your identity and legal authorization to work in the United States).
- Verification of the information contained in your employment application, including satisfactory references.
- Successfully passing a pre-employment drug-screening and favorable results from a criminal background check, work history, education verification and credit check.

This offer will remain open for seven (7) days from the date of this letter. To indicate your acceptance of PAR's offer on the terms and conditions set forth in this letter, please sign and date this letter in the space provided below and return it to me no later than seven days from the date of this letter.

We look forward to having you join us as part of the executive management team at PAR Technology Corporation.

Sincerely,

/s/ Karen E. Sammon
Karen E. Sammon
President & CEO
PAR Technology Corporation

I have read this offer letter in its entirety and agree to the terms and conditions of employment. understand and agree that my employment with the Company is at-will.

/s/ Bryan Menar	11/14/2016
Bryan Menar	Date

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into this 14th day of November 2016 by and between PAR Technology Corporation (hereinafter referred to as the "Company"), and Bryan Menar hereinafter referred to as "Employee").

WHEREAS, the Company is a New York corporation engaged in the design, development and implementation of advanced technology computer software system solutions; and

WHEREAS, the parties hereto acknowledge that confidential and proprietary information pertaining to the Company's business may be made available by the Company to the Employee in the course of his or her duties, and

WHEREAS, the Employee may develop in the course of his or her duties, confidential and proprietary information pertaining to the Company's overall business which involved the expenditure of substantial effort and monies by the Company, and

WHEREAS, said confidential and/or proprietary information is valuable to the Company and gives the Company an advantage over competition who do not know or use it.

NOW, THEREFORE, in consideration of the premises aforesaid, and the mutual covenants and agreements contained herein, and for other good and valuable consideration, including continued employment, the receipt of which is hereby acknowledged, the parties covenant and agree as follows:

1. The Company does hereby employ Employee in the position of VP, Chief Financial Officer and Employee does hereby accept such employment and agrees to perform the duties of such position in an efficient, trustworthy, and businesslike manner and upon the terms and conditions expressly set forth in this Agreement. Employee's duties will include all of those generally associated with said position and such other duties as the Company's Board of Directors, Officers and management personnel may assign from time to time, all subject to the directives of the Board and the corporate policies of the Company as they are in effect from time to time throughout the period of employment. Employee will at all times during Employee's employment hereunder to give Employee's full attention and best efforts for the benefit and advantage of the Company and will execute and perform such duties assigned to Employee.

2. This Agreement shall be effective as of November 14, 2016.The parties agree and understand that the employment relationship is**"AT WILL"** and may be terminated by the Company at any time, with or without notice, for any lawful reason, including, but not limited to, for the reasons specified in Paragraphs 5, 6 and 7 herein. The Employee must provide the Company with at least two (2) weeks' notice of termination.

3. During the period of employment, the Company shall pay to Employee the agreed upon Annual Base Salary as set forth in Employee's Offer Letter, which shall be paid in accordance with the Company's regular payroll practices in effect from time to time and in accordance with applicable law.

4. During the period of employment, the Employee shall be entitled to participate in all retirement and welfare benefit plans and programs, and fringe benefit plans and programs, made available by the Company to the Company's employees generally in accordance with the eligibility and participation provisions of such plans and as such plans or programs may be in effect from time to time.

5. Employee agrees that during the period of employment, Employee will devote Employee's time and best efforts to the Company. Without the prior written authorization of the Company, Employee shall not, directly or indirectly during the period of employment:

a. Enter into any business, professional or commercial activity which interferes with or impairs Employee's productivity for the Company; or

b. Engage in any activity competitive with or adverse to the Company's business interests or welfare, whether

alone, as a partner, or as an officer, director, employee. or more than ten percent (10%) shareholder of any other corporation.

Volunteering for charitable organizations or working with non-profit organizations is acceptable per this Agreement, so long as it doesn't unduly interfere with Employee's ability to effectively perform the Employee's duties with the Company.

6. Employee covenants and agrees, that for a period of one (1) year, running consecutively from the beginning of the Employee's last date of employment with the Company (whether the Employee is terminated for any reason or no reason and whether employment is terminated at the option of the Employee or the Company), not to directly or indirectly, for the Employee's own business or for any other business. solicit, hire, recruit, attempt to hire or recruit •or induce the termination of employment of any employee of the Company or solicit, hire, recruit, attempt to hire or recruit any person who has been an employee of the Company within the immediately preceding six (6) months prior to the Employee's last date of employment.

7. Employee agrees that during the period of Employee's employment by the Company or thereafter, Employee will not disclose or use at any time any Confidential Information (as defined below) of which the Employee is or becomes aware, except to the extent such disclosure or use is directly related to and required by Employee's job duties for the Company or as authorized in writing by the Company. Employee will take all reasonably appropriate steps to safeguard Confidential Information in his or her possession and to protect it against disclosure, misuse, espionage, loss, and theft. The Employee shall deliver to the Company at the termination of the period of employment, or at any time the Company may request, all memoranda, notes, plans, records. reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the Work Product (as hereinafter defined) of the business of the Company, which the Employee may then possess or have under his or her control. Notwithstanding the foregoing, the Employee may truthfully respond to a lawful and valid subpoena or other legal process. but shall give the Company the earliest possible notice thereof, shall make available to the Company and its counsel the documents and other information sought as much in advance of the return date as possible, and shall assist the Company and such counsel in responding to such process.

a. As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company in connection with its business, including, but not limited to, information, observations, and data obtained by the Employee while employed by the Company concerning (i) the business or affairs of the Company, (ii) products or services, (iii) fees, costs, compensation, and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports,(viii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) databases, (x) accounting and business methods, (xi) inventions, devices,new developments, methods and processes,whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets,and (xv) all similar and related information in whatever form. Confidential Information will not include any information that has been published (other than a disclosure by the Employee in breach of this Agreement) in a form generally available to the public prior to the date the Employee proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features compromising such information have been published in combination.

b. As used in this Agreement, the term "Work Product" means all inventions, innovations, improvements,technical information,systems,software developments,methods, designs, analyses. drawings, reports, service marks, trademarks, trade names, logos, and all similar or related information (whether patentable or unpatentable, copyrightable, registered as a trademark, reduced to writing, or otherwise) that relates to the Company's actual or anticipated business, research and development, or existing or future products or services and which are conceived, developed or made by Employee (whether or not during usual business hours, whether or not by the use of the facilities of the Company, and whether or not alone or in conjunction with any other person) while employed by the Company (including those conceived, developed or made prior to the effective date of this Agreement) together with all patent applications, letters patent. trademark, trade name and service mark applications or registrations, copyrights and reissues thereof that may be granted for or upon any of the foregoing. All

Work Product that the Employee may have discovered, invented, or originated during his or her employment with the Company prior to the effective date of this Agreement or that he or she may discover. invent or originate during the period of employment shall be the exclusive property of the Company, and Employee hereby assigns all of Employee's right, title and interest in and to such Work Product to the Company, including all intellectual property rights therein. Employee shall promptly disclose all Work Product to the Company, shall execute at the request of the Company any assignments or other documents the Company may deem necessary to protect or perfect its rights therein, and shall assist the Company, at the Company's expense, in obtaining, defending, and enforcing the Company's rights therein. Employee hereby appoints the Company as his or her attorney-in-fact to execute on his or her behalf any assignments or other documents deemed necessary by the Company to protect or perfect the Company's rights to any Work Product.

8. In the event of a breach or threat of breach by Employee of the provisions of this paragraph, the Company shall have, in addition to any other remedies available to it, the right to injunctive relief enjoining such actions. The Employee hereby acknowledges that other remedies are inadequate. In addition. Company shall be reimbursed by Employee for all legal costs incurred by the Company in enforcing the provisions of this paragraph.

9. It is further agreed that should Employee breach this Agreement, the Company may immediately terminate employee, anything herein to the contrary notwithstanding.

10. In addition to the rights of termination set forth above, the Company may terminate this Agreement and immediately cancel it by giving written notice to Employee if the Company believes, in its own and sole judgment, that, the Employee has been involved at any level in industrial sabotage, theft or other acts detrimental to the Company; or the security clearance for the U.S. Government or any agency thereof, at whatever clearance level desired by the Company for the Employee, will never be granted or will not be granted within a reasonable time to allow for Employee to participate in work assigned by the Company.

11. This Agreement will be governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice of law or conflicting provision or rule (whether of the State of New York or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of New York to be applied.In furtherance of the foregoing, the internal law of the State of New York will control the interpretation and construction of this Agreement, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

12. Except for violations of paragraph 6, any dispute arising under, or alleged violation of, this Agreement. and any claim, charge, or cause of action by Employee relating to his employment, including but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Rehabilitation Act of 1973, Title 42 of the United States Code§§ 1981, 1982, 1983 and 1985, the Fair Labor Standards Act. the Family and Medical Leave Act, the Occupational Safety and Health Act, the Sarbanes- Oxley Act of 2002, the New York Human Rights Law, the New York Labor Law, and any other statute prohibiting employment discrimination or dealing with employment rights and any contract or tort claim including any claims pursuant to this Agreement, shall be submitted exclusively to arbitration under the Employment Dispute Arbitration rules of the American Arbitration Association. The arbitration shall be held in the County of Oneida, State of New York.The arbitrator shall be chosen by the Employment Dispute Arbitration rules of the American Arbitration Association. The decision of the arbitrator shall be final and binding. In construing or applying this Agreement, the arbitrator's jurisdiction shall be limited to interpretation or application of this Agreement, and the arbitrator shall not have the power to add to, to delete, or modify any provision of this Agreement. Each party shall bear his/her or its own expenses in arbitration, except that the parties shall share the costs of the arbitrator equally. The arbitrator is hereby authorized to award attorneys' fees to the prevailing party to the same extent the prevailing party would be entitled to an award of attorneys' fees pursuant to the above enumerated statutes and/or any enforcement provisions contained in those statutes.

13. Each of the parties hereto hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim regarding any dispute arising under, or alleged violation of, this Agreement and any claim, charge, or cause of action by Employee relating to his employment with the Company.

14. Any notice required to be given pursuant to the provisions of this Agreement shall be in writing and delivered to the parties at the following addresses, or at such other addresses as the parties may notify each other thereof at any time by certified mail, return receipt requested or overnight courier:

TO: PAR Tech Inc.
Attention: Human Resources Dept.
8383 Seneca Turnpike
New Hartford, N.Y. 13413-4991

TOBryan Menar
4531 Pauli Drive
Manlius, NY 13104

15. The parties desire that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement is found to be invalid, prohibited, or unenforceable under any present or future law, and if the rights and obligations of any party under this Agreement will not be materially and adversely affected thereby, such provisions shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. To this end, the provisions of this Agreement are declared to be severable. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. The parties further agree that: (a) any arbitrator construing or applying this Agreement is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement or by making such other modifications as the arbitrator deems warranted to carry out the intent and agreement as embodied herein to the maximum extent permitted by law; and (b) that this Agreement as so modified by the arbitrator shall be bindif1g upon and enforceable upon the parties. 14. Employee's offer letter dated November 14, 2016, and this Agreement embodies the entire agreement of the parties hereto respecting the matters within its scope and supersede all prior and contemporaneous agreements of the parties hereto that directly or indirectly bear upon the subject matter hereof.

16. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver. Failure or delay on the part of a party to exercise fully any right, remedy, power or privilege under this Agreement shall not operate as a waiver thereof. Any single or partial exercise of any right, remedy, power, or privilege shall not preclude any other or further exercise of the same or of any right, remedy, power or privilege. Waiver of any right. remedy, power or privilege with respect to any occurrence shall not be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS CAREFULLY READ AND FULLY UNDERSTANDS THE PROVISIONS OF THE EMPLOYMENT AGREEMENT AND HAS RECEIVED A COPY OF SAME.

PAR Technology Corp.

BY:/s/ Brian Lewis
Brian Lewis
VP, Human Resources

BY:/s/ Bryan Menar
Bryan Menar

EXHIBIT 21

Subsidiaries of PAR Technology Corporation

Name	State of Incorporation
ParTech, Inc.	New York
Brink Software Inc.	California
PAR Government Systems Corporation	New York
Ausable Solutions, Inc.	Delaware

EXHIBIT 23(ii)

Tel: 212-885-8000 100 Park Avenue
Fax: 212-697-1299 New York, NY 10017
www.bdo.com

Consent of Independent Registered Public Accounting Firm

PAR Technology Corporation
New Hartford, New York

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-102197) and Form S-8 (No. 333-119828, 33-04968, 33-39784, 33-58110, 33-63095, 333-208063, 333-187246 and 333-137647) of PAR Technology Corporation of our report dated April 17, 2017, relating to the consolidated financial statements which appear in this Form 10-K.

/s/ BDO USA, LLP

New York, New York
April 17, 2017

EXHIBIT 31.1

I, Donald H. Foley, certify that:

1. I have reviewed this report on Form 10-K of PAR Technology Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 17, 2017

/s/ Donald H. Foley
Donald H. Foley
Chief Executive Officer & President
(Principal Executive Officer)

EXHIBIT 31.2

I, Bryan A. Menar, certify that:

1. I have reviewed this report on Form 10-K of PAR Technology Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 17, 2017

/s/ Bryan A. Menar
Bryan A. Menar
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

Certification of Principal Executive Officer
pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended,
and 18 U.S.C. Section 1350

In connection with the Annual Report of PAR Technology Corporation (the "Company") on Form 10-K for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald H. Foley, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, that, to my knowledge:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 17, 2017

/s/ Donald H. Foley
Donald H. Foley
Chief Executive Officer & President
(Principal Executive
Officer)

EXHIBIT 32.2

Certification of Principal Financial Officer
pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended,
and 18 U.S.C. Section 1350

In connection with the Annual Report of PAR Technology Corporation (the "Company") on Form 10-K for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bryan A. Menar, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, that, to my knowledge:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 17, 2017

/s/ Bryan A. Menar
Bryan A. Menar
Chief Financial Officer
(Principal Financial
Officer)