

MASTER LEASE AGREEMENT  
CCAN: 171984

This Master Lease Agreement is entered into as of the date set forth below by and between BALBOA CAPITAL CORPORATION ( Lessor ) and SHOPKO STORES OPERATING CO., LLC ( Lessee ) with reference to the following facts :

- A From time to time Lessee desires to lease various items of personal property from Lessor; and
- B Lessor and Lessee desire to set forth the terms and conditions under which such Lease(s) shall be governed
- C "Master Lease" shall mean this agreement; "Lease" shall mean each Schedule entered into between Lessor and Lessee pursuant to this Master Lease

NOW WHEREFORE, Lessor and Lessee agree as follows:

**TERMS AND CONDITIONS OF LEASE**

**1. LEASE** Lessor shall lease to Lessee and Lessee shall lease from Lessor the items of equipment and other personal property (hereinafter, together with all replacements, repairs, substitutions, additions, accessions and accessories therefor and/or thereto, called the "Equipment") described in the Schedule(s) (hereinafter individually called a "Schedule" and collectively called "Schedules") now or hereafter from time to time executed by Lessor and Lessee and made a part hereof, all upon the terms and conditions hereinafter set forth as supplemented with respect to each item of Equipment by the terms and conditions set forth in each Schedule

**2. TERM.** Each Schedule shall become effective upon acceptance by Lessor by signing and dating each Schedule and the term for any Schedule(s) shall commence on the day that the leased property has been delivered to and accepted by Lessee ("Commencement Date"). Lessee shall at its sole discretion select the type, quantity and supplier of each item of Equipment. Lessor shall not be liable to Lessee for any failure or delay in obtaining delivery of any Equipment. Upon delivery of any Equipment to Lessee, Lessee shall forthwith inspect such Equipment and, within ten (10) days of delivery of the Equipment, Lessee shall execute and deliver to Lessor a Delivery and Acceptance Certificate, in form and substance satisfactory to Lessor. Lessee's execution and delivery of a Delivery and Acceptance Certificate covering any Equipment shall conclusively establish, as between Lessor and Lessee, that such Equipment has been unconditionally accepted by Lessee for all purpose of this Lease.

With respect to each Lease, if for any reason the Equipment has not been delivered, installed and accepted by Lessee within sixty (60) days after it is ordered by Lessor, or if Lessee fails to accept the Equipment and execute a Delivery and Acceptance Certificate within (10) days following delivery of the Equipment, Lessor may at Lessor's option, terminate Lessor's obligations under such Lease and Lessee shall, on demand of Lessor, pay Lessor all amounts paid or owing by Lessor with respect to the purchase of such Equipment and indemnify and hold Lessor harmless from any and all liabilities, claims, costs and expenses to the manufacturer or supplier/vendor of the Equipment or any party, arising out of or relating to the Equipment or the Lease. Upon payment of such amounts, Lessor shall release, remise and quit claim such Equipment to Lessee AS IS, WHERE IS, AND WITHOUT WARRANTY EXPRESSED OR IMPLIED BY LESSOR AS TO ANY MATTER WHATSOEVER. Lessee shall upon such payment be subrogated to Lessor's claim, if any, against the manufacturer or supplier/vendor of such Equipment

Lessee agrees that its remedies, should it find fault with any of the Equipment, shall be and are solely against the manufacturer and/or supplier/vendor of such Equipment. The base term ("Base Term") of each Lease shall commence at the Lessors sole discretion on any day occurring in the quarter following the Commencement Date and terminate upon the expiration of the number of months specified in each Schedule. Each Lease may be terminated by Lessee at the end of the base term if ninety (90) days prior to the end of the base term, written notice of such termination is delivered to Lessor via certified mail or overnight courier. Each Lease may be terminated by Lessor at the end of the base term if at least sixty (60) days prior to the end of the base term, written notice of such termination is delivered to Lessee via certified mail or overnight courier. Otherwise the term of each Lease shall automatically be extended for six months following the end of the initial base term at the rent stated on the respective Schedule(s), and shall renew thereafter for successive three month periods until notice of termination is provided by Lessee. During the initial extension period, Lessor, at its sole option, may terminate each lease upon ninety (90) days prior written notice to Lessee via certified mail or overnight courier. After the initial extension period, each Lease may be terminated by either Lessor or Lessee at the end of any calendar month, provided that ninety (90) days prior written notice of such termination is delivered to the other party via certified mail or overnight courier

**3. RENT.** The rent payable with respect to any Schedule(s) shall be the amount shown on such Schedules(s). Lessee shall pay to Lessor the rent for each Schedule, in advance, for each period or any part thereof that each Lease is in effect as delineated on the Schedule. The first such payment, with respect to any Schedule, shall be made at the Lessors discretion on any day occurring in the quarter following the Commencement Date. A prorata portion of the rental charges based on a daily rental of one-ninetieth (1/90) of the aggregated average of the quarterly rentals calculated from the Commencement Date to the beginning of the Base Term shall be due and payable at the Commencement Date. Installments of rent or personal property tax which are not paid within three (3) days of their due date shall be subject to a late charge equal to ten percent (10%) of each such delayed payment. The late charge set forth in this contract shall apply only when permitted by law and, if not permitted by law, the late charges shall be calculated at the maximum rate permissible by law. In the event that a check or other instrument tendered for payment is dishonored, Lessor shall be entitled to a twenty-five dollar (\$25.00) fee. All rent shall be paid at the place of business of Lessor shown above or such other place as Lessor may designate by written notice to Lessee. Lessee agrees to pay taxes and reasonable fees, including but not limited to documentation fees, filing fees, credit fees, equipment inspection fees, title fees, property taxes, sales taxes, use taxes, business taxes and further agrees to pay twenty dollars (\$20.00) per collection call and one hundred dollars (\$100.00) per collection visit. Lessor may apply remittances received to unpaid rental installments and/or other charges on a due date basis. Remittance received being applied to the oldest unpaid rental or charge.

**4. FINANCE LEASE STATUS.** The parties agree that this Lease is a Finance Lease as defined by Section 10103(a)(7) of the California Uniform Commercial Code (UCC). Lessee acknowledges the following: (a) Lessor has not selected, manufactured, or supplied the Equipment; (b) Lessor acquired the Equipment or the right to possession and use of the Equipment in connection with the Lease; (c) Lessee has received, reviewed and approved all written Supply Contracts (as defined by UCC Section 10103(a)(25)) covering the Equipment purchased from the Supplier (as defined by UCC Section 10103(a)(24)) thereof for lease to Lessee on or before signing this Lease Contract (as defined by UCC Section 10103(a)(12)); (d) Lessor has informed Lessee in writing of the identity of the Supplier; (e) Lessor has informed Lessee that Lessor may have rights under the Supply Contract and that Lessee is to contact the Supplier for a description of any such rights, and; (f) Lessor provides no warranties or other rights with respect to the purchase of the Equipment and any and all rights Lessee has with respect to the purchase of the Equipment are solely against supplier and Lessee may communicate at any time with the supplier prior to executing this Lease

**5. DISCLAIMER OF LESSOR WARRANTIES.** LESSEE ACKNOWLEDGES THAT THE EQUIPMENT TO BE LEASED HEREUNDER WILL BE OF A TYPE, DESIGN, SIZE, CAPACITY AND MANUFACTURER SELECTED BY LESSEE; THAT LESSOR IS NOT A MANUFACTURER OF, OR DEALER IN, THE EQUIPMENT; THAT NEITHER THE VENDOR, THE MANUFACTURER NOR ANY AGENT THEREOF IS AN AGENT OF LESSOR; THAT LESSOR HAS NOT, WILL NOT, AND HAS NO OBLIGATION TO, INSPECT THE EQUIPMENT PRIOR TO DELIVERY TO LESSEE; THAT LESSOR IS NOT RESPONSIBLE FOR REPAIRS, SERVICE OR DEFECTS IN THE EQUIPMENT OR OPERATION THEREOF; AND THAT LESSOR HAS NOT MADE, WILL NOT MAKE, AND HEREBY DISCLAIMS ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, OF ANY KIND OR AS TO ANY MATTER WHATSOEVER ON WHICH LESSEE MAY RELY, INCLUDING WITHOUT LIMITATION THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COMPLIANCE WITH LAWS, GOVERNMENTAL REGULATIONS OR RULES, ORDERS, SPECIFICATIONS OR CONTRACT, CONDITION, TITLE, QUALITY, DESIGN, DURABILITY, OR SUITABILITY FOR LESSEE'S PURPOSE OF THE EQUIPMENT IN ANY RESPECT, OR ANY PATENT INFRINGEMENT, OR LATENT OR PATENT DEFECTS. LESSOR WILL, HOWEVER, UPON LESSEE'S REQUEST AND IF LESSEE IS NOT IN DEFAULT, TAKE ANY STEPS REASONABLY WITHIN ITS POWER TO MAKE AVAILABLE TO LESSEE ANY MANUFACTURER'S OR SIMILAR WARRANTY APPLICABLE TO THE EQUIPMENT. LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY LIABILITY LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT OR ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN OR BY ANY INCIDENT WHATSOEVER IN CONNECTION THEREWITH, AND LESSEE HEREBY ACKNOWLEDGES THE FOREGOING DISCLAIMER BY LESSOR

**6. NET LEASE; NO OFFSET.** THIS IS A NET LEASE, AND ALL RENT AND ALL OTHER SUMS PAYABLE BY LESSEE HEREUNDER SHALL BE PAID UNCONDITIONALLY WHEN DUE WITHOUT ABATEMENT, DEDUCTION, COUNTERCLAIM OR SETOFF OF ANY NATURE INCLUDING WITHOUT LIMITATION ANY COUNTERCLAIM OR SETOFF ARISING OUT OF ANY PRESENT OR FUTURE CLAIM LESSEE MAY HAVE AGAINST LESSOR, OR ANY ASSIGNEE OF LESSOR OR THE MANUFACTURER OR SUPPLIER OF THE EQUIPMENT, OR ANY OTHER PARTY. In no event, except as otherwise expressly provided herein, shall this Lease terminate or shall any of the Lessee's obligations be affected by reason of any defect in or damage to or loss or destruction of all or any part of the Equipment, from any cause whatsoever, or any interference with Lessee's use of the Equipment by any person or for any other cause whatsoever

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7. **COMMERCIAL RISK.** Lessee bears all risk that the Equipment may become unusable for any reason, including without limitation loss, theft, damage, destruction defect, GOVERNMENTAL REGULATION, PROHIBITION, IMPRACTICABILITY OF USE, OBSOLESCENCE, OR COMMERCIAL FRUSTRATION. No inability to use the Equipment shall result in the termination of any Lease or relieve Lessee from any of its obligations under any Lease.

8. **USE AND LOCATION.** Lessee shall use the Equipment in a careful and proper manner and in compliance with all laws, ordinances, regulations and insurance policy conditions in any way relating to the possession, use or maintenance of the Equipment. Unless the Equipment is of a type normally used at more than one location (such as vehicular equipment, construction machinery or the like), Lessee shall not remove the Equipment from the location designated in the applicable Schedule(s) without the prior written consent of Lessor. If an item of Equipment is of a type normally used at more than one location, Lessee shall not use the Equipment outside of the area designated in the applicable Schedule(s) without prior written approval of Lessor. Lessee shall comply with any and all applicable environmental laws and will not use any hazardous substances with the Equipment. Lessee represents and warrants to Lessor that the Equipment is being leased and will be used solely for commercial or business purposes and will not be used for personal, family or household purposes.

9. **OWNERSHIP.** The Equipment, or in the case of software, the assignment or the rights to the assignment of the software and/or its license(s), is, and shall at all times be and remain, the sole and exclusive property of Lessor and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. Plates, labels or other markings stating that the Equipment is owned by Lessor shall be affixed to or placed on the Equipment by Lessor or, at Lessor's request or if required by law, by Lessee at Lessee's expense and Lessee shall keep the same in a prominent position thereon.

10. **PERSONAL PROPERTY.** The Equipment is, and shall at all times be and remain, personal property notwithstanding that it or any part thereof may now be or hereafter become, in any manner affixed or attached to, or embedded in, real property or any building thereon. Lessee agrees that it will furnish and record, at its own expense, such owners', mortgagees', landlords' or other disclaimers, waivers, or consent as may be necessary or reasonably requested by Lessor in order to give full effect to the intent and provisions of the preceding sentence.

11. **MAINTENANCE AND REPAIRS.** Lessee, at its own cost and expense, shall keep the Equipment in good repair, condition and working order and shall furnish any and all parts, mechanisms and devices required for such purpose. All such parts, mechanisms and devices affixed to any Equipment shall thereupon become the property of Lessor and subject to the terms and conditions of this Lease. Lessee shall modify the Equipment if required by any governmental authority or law and will make such modification known to Lessor by written notice to be delivered by certified mail.

12. **ALTERATIONS.** Without the prior written consent of Lessor, Lessee shall not make any alterations, additions or improvements to the Equipment. All additions and improvements of whatsoever kind or nature made to the Equipment shall be made at Lessee's sole cost and expense and when made become the property of Lessor and subject to the terms and conditions of this Lease.

13. **LESSOR'S INSPECTION.** Lessor after giving reasonable notice to Lessee shall during normal business hours have the right to enter into and upon any premises where any Equipment may be located for the purpose of inspecting such Equipment or observing its use. Lessee shall, whenever requested by Lessor, advise Lessor of the exact location of any and all items of Equipment.

14. **LOSS, THEFT AND DAMAGE.** Lessee shall at all times after signing this Lease bear the entire risk of loss, theft, damage or destruction of the Equipment from any cause whatsoever, and no loss, theft, damage or destruction of the Equipment shall relieve Lessee of the obligation to pay rent or to comply with any other obligation under this Lease. In the event of damage to any part of the Equipment, Lessee shall place same in good repair at Lessee's expense. If Lessor determines that any part of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall, at Lessee's option do one of the following: (a) place such Equipment in good repair, condition and working order, acceptable to Lessor, or (b) replace such Equipment with like Equipment in good repair, acceptable to Lessor and furnish to Lessor all necessary documents vesting good and marketable title thereto in Lessor unencumbered by any lien or security interest, which replacement Equipment shall thereupon become the property of Lessor and be subject to the terms and conditions of this Lease; or (c) pay Lessor therefor in cash the "Stipulated Loss Value" of such Equipment, defined as all rent and other amounts due and to become due under the Lease with respect to such Equipment plus twenty percent (20%) of the actual cost of said item of Equipment or plus the value equal to any purchase option specified in this Lease applicable thereto, representing Lessor's minimum residual value in the Equipment at the end of the Lease term. Upon Lessor's receipt of payment as set forth above, Lessee shall be entitled to title in the Equipment AS-IS and WHERE-IS and without warranty express or implied.

15. **INSURANCE.** Lessee agrees to maintain, at Lessee's expense, Special Form property insurance protecting the Equipment for its full replacement value, naming Lessor as a loss payee on a "Lender's Loss Payable" endorsement; and public liability insurance, in amounts acceptable to Lessor, naming Lessor as an additional insured (together "Required Insurance"). Lessee must provide Lessor satisfactory written evidence of Required Insurance within thirty (30) days of the commencement date of this Lease or of any subsequent written request. Each Policy shall expressly provide that said insurance as to Lessor and assigns shall not be invalidated by any act, omission, or neglect of Lessee and cannot be cancelled without thirty (30) days prior notice to Lessor. If Lessee does not do so, Lessor may obtain insurance from an insurer of Lessor's choosing in such forms and amounts as Lessor selects ("Lease Insurance"). Lease Insurance covers the Equipment and Lessor only and not Lessee. Lessee shall pay Lessor periodic charges for Lease Insurance ("Insurance Charges") that include: a premium that may be higher than if Lessee maintained Required Insurance separately; a finance charge of up to the implicit rate of the Lease on any premium advances made by Lessor or Lessor's agents; and billing and processing fees; each of which may generate a profit to Lessor and Lessor agents. If Lessee fails to pay billed Insurance Charges within 30 days of their due date, Lessor may pay them by applying funds paid under the Lease or debiting Lessee's account under any previously authorized automatic payment. Lessee agrees to arbitrate any dispute with Lessor or Lessor agents regarding Lease Insurance or Insurance Charges under the rules of the American Arbitration Association in Los Angeles, California; provided however, such agreement does not authorize class action arbitration. Lessee hereby appoints Lessor or its agents or assigns its true and lawful attorney-in-fact to make claims for, receive payments for, and execute and endorse all documents, checks or drafts for loss, theft, or damage or destruction of the Equipment under any property insurance. At Lessor's election in lieu of obtaining or continuing Lease Insurance, Lessor may require Lessee to pay a monthly additional fee up to 2% of the Equipment Cost. This fee is not calculated with reference to additional risk and constitutes additional profit for Lessor, but represents the basis on which Lessor is willing to forbear from exercising remedies and continue this Agreement without Required Insurance. Lessee will receive no insurance coverage and will not be released from any obligations. Lessor is not selling insurance. Lessor will cease charging the additional fee or billing for Lease Insurance 30 days after Lessee provides satisfactory proof of Required Insurance and compliance with this section.

16. **ENCUMBRANCES AND TAXES.** Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances, and shall pay promptly when due, and shall indemnify and hold Lessor harmless from, all license fees, registration fees, import duties, assessments, charges and taxes (municipal, state, federal or other) which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession or use of the Equipment (whether the same be assessed to Lessor or Lessee), together with any penalties or interest in connection therewith, excluding, however, all taxes on or measured by Lessor's net income. If any such fee, assessment, duty, charge or tax is, or is to be, assessed or billed to Lessor, Lessee upon the request of Lessor and at the expense of Lessee shall do any and all things required to be done by Lessor in connection with the levy, assessment, billing and payment thereof. Upon Lessor's request, Lessee shall, on any property tax returns required to be filed with respect to the Equipment, including the property covered by this Lease and any substitutions or additions thereto as property owned by Lessee for purposes of tax assessments, shall cause all billings of such fees, assessments, duties, charges or taxes to be addressed to Lessor in care of Lessee, and shall submit to Lessor written evidence of payment of the same. Alternatively, Lessee shall at the request of Lessor forthwith pay Lessor the amount (estimated or otherwise) of any such fees, assessments, duties, charges and taxes, and Lessor shall apply the same to the payment thereof. Lessee shall also pay all taxes arising out of Lessee's exercise of any purchase option relating to any Lease (including sales tax).

17. **LESSOR'S PAYMENT.** In case of failure of Lessee to procure or maintain proper insurance or to pay such fees, assessments, duties, charges and taxes or to keep any item of Equipment free and clear of all levies, liens and encumbrances or in good repair, condition and working order, all as herein before provided, Lessor shall have the right, but not the obligation, without notice or demand upon Lessee, and without releasing Lessee from any obligation herein before specified, to effect and pay for such insurance or to pay such fees, assessments, duties, charges and taxes or to keep such Equipment in good repair, condition and working order, as the case may be, and to pay, purchase, contest or compromise any encumbrance, charge or lien which in the sole judgment of Lessor appears to affect such Equipment, and in exercising any such right, to incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by Lessor shall immediately become due and payable by Lessee upon payment by Lessor and shall thereafter bear interest at the rate of 18% per annum but not greater than the highest rate permitted by any applicable usury law.

18. **RETURN OF EQUIPMENT.** Upon expiration of the term of any Lease, (unless Lessee shall have duly exercised any purchase option with respect to such Lease), or after default, on demand by Lessor, Lessee will at its sole cost and expense deliver the Equipment (in the same condition as when delivered to Lessee, reasonable wear and tear resulting from authorized use thereof alone excepted) to Lessor's premises set forth above or any place designated by Lessor in writing, for such disposition as Lessor may determine. No such return shall constitute termination of this Lease unless Lessor shall agree so in writing.

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19. **COMMITMENT FEE.** Unless otherwise delineated on the respective Schedule(s), the amount, if any, which Lessee has deposited with Lessor as set forth in any Schedule shall constitute partial security for Lessee's obligations under this Lease. This commitment fee shall not be refunded, but upon Lessor's acceptance of Lessee's offer to enter into any Lease, may at Lessor's option, be applied at any time in partial satisfaction of any obligation of Lessee which may be in default, although the making of such deposit shall not excuse Lessee from any such obligation and such application of the amount shall only release Lessee from the obligation pro tanto. Lessee acknowledges that Lessor shall deposit this commitment fee and that the deposit of this commitment fee shall not be construed as an approval and/or acceptance any Lease and shall not become binding upon Lessor until approval and acceptance by Balboa Capital Corporation's Finance Committee.

20. **ASSIGNMENT BY LESSOR.** Lessor may, at any time, with or without notice to Lessee, mortgage, grant a security interest in, or otherwise transfer, sell or assign this Lease or any Equipment or any rentals or other amounts due or to become due hereunder, Lessee agrees with Lessor and any such assignee (including any assignee to which such rights have been assigned by a prior assignee) that, upon receipt by Lessee from Lessor or such assignee of notice in writing of any such assignment, Lessee will, make all further payments due or to become due hereunder directly to such assignee at the address specified in such notice of assignment and will recognize such assignee as the person entitled to exercise all other rights of Lessor hereunder. Lessee acknowledges that any assignment of Lessor's interest would neither materially change Lessee's duties or materially increase the burden or risk imposed on Lessee under any lease. Lessee further agrees with Lessor and any such assignee that in any guarantor or any other party liable for payment or performance of each Lease; (i) if any certificate, statement, representation, warranty or audit heretofore or hereafter furnished by or on behalf of Lessee or any guarantor or other party liable for payment or performance of this Lease, pursuant to or in connection with this Lease, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or to have omitted any substantial contingent or unliquidated liability or claim against Lessee or any such guarantor or other party; (j) if the condition of Lessee's affairs shall change so as in the reasonable opinion of Lessor to impair Lessor's title to the Equipment or increase the risk of Lessee's non-performance; (k) if Lessee is a corporation and fifty-one percent (51%) or more of the then issued and outstanding voting capital stock of Lessee shall be acquired by any person, entity or group who are not such owners on the date of execution of each Lease; (l) any default occurs under any agreement now or hereafter securing any Lease; (m) breach of any negative covenant in any Lease; (n) if Lessee voluntarily permits any Equipment to become subject to a lien; or (o) Lessee changes its name, state of incorporation, chief executive office and/or place of residence without providing Lessor with 30 days prior written notice of such change.

21. **DEFAULT.** Any of the following uncured events or conditions shall constitute an event of default hereunder: (a) any noticed nonpayment of any rental payment or other amount provided for in any Lease; (b) any noticed default by Lessee in the performance of any other obligation term or condition of any Lease; (c) any noticed default by Lessee in the payment or performance of any other indebtedness or obligation now or hereafter owed by Lessee to Lessor under any other agreement or instrument, which default has not been waived; (d) the issuance of any writ or order of attachment or execution or other legal process against any Equipment which is not discharged or satisfied within ten (10) days; (e) death or judicial declaration of incompetency of Lessee, if an individual; (f) the commencement of any bankruptcy, insolvency, arrangement, reorganization, receivership, liquidation or other similar proceedings by or against Lessee which is not dismissed within 60 days; (g) the making by Lessee of a general assignment or deed of trust for the benefit creditors; (h) the occurrence of any event or condition described in clause (e), (f) or (g) of this Paragraph 21 with respect to any guarantor or any other party liable for payment or performance of each Lease; (i) if any certificate, statement, representation, warranty or audit heretofore or hereafter furnished by or on behalf of Lessee or any guarantor or other party liable for payment or performance of this Lease, pursuant to or in connection with this Lease, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or to have omitted any substantial contingent or unliquidated liability or claim against Lessee or any such guarantor or other party; (j) if the condition of Lessee's affairs shall change so as in the reasonable opinion of Lessor to impair Lessor's title to the Equipment or increase the risk of Lessee's non-performance; (k) if Lessee is a corporation and fifty-one percent (51%) or more of the then issued and outstanding voting capital stock of Lessee shall be acquired by any person, entity or group who are not such owners on the date of execution of each Lease; (l) any default occurs under any agreement now or hereafter securing any Lease; (m) breach of any negative covenant in any Lease; (n) if Lessee voluntarily permits any Equipment to become subject to a lien; or (o) Lessee changes its name, state of incorporation, chief executive office and/or place of residence without providing Lessor with 30 days prior written notice of such change.

22. **REMEDIES OF LESSOR.** Upon the occurrence of any Event of Default and at any time thereafter, Lessor may without demand or notice to Lessee and without terminating or otherwise affecting Lessee's obligations hereunder exercise one or more of the following remedies as Lessor in its sole discretion shall elect: (a) Lessor may sue for and recover from Lessee the sum of all unpaid rents and other payments due under each lease then accrued, all accelerated future payments due under each Lease, discounted to their present value at a discount rate of four percent (4%) as of the date of default, less the net proceeds of disposition, if any, of the Equipment; (b) require Lessee to assemble the Equipment and make it available to Lessor at a place designated by Lessor as provided in Paragraph 18 above; (c) take and hold possession of the Equipment and render the Equipment unusable, and for this purpose enter and remove the Equipment from any premises where same may be located without liability to Lessee for any damage caused thereby; (d) sell or lease the Equipment or any part thereof at public or private sale (and Lessor may be a purchaser at such sale) for cash, on credit or otherwise, without representations or warranties, and upon such other terms as shall be acceptable to Lessor, and for such purposes of sale or lease, Lessor may use Lessee's name, voice, signature, photograph or likeness, in any manner and for any purpose, including but not limited to advertising or selling, or soliciting purchases of, any or all of the Equipment, products, merchandise, goods or services; (e) use and occupy the premises of Lessee for the purpose of taking, holding, reconditioning, displaying, selling or leasing the Equipment, without cost to Lessor or liability to Lessee; (f) proceed by appropriate action either at law or in equity to enforce either performance by Lessee of the covenants of this Lease or to recover damages for the breach of such covenants; or (g) exercise any and all rights accruing to a lessor under any applicable law upon a default by Lessee. If notice is required by law, any written notice to Lessee of any such sale or lease, given not less than five (5) days prior to the date thereof, shall constitute reasonable notice to Lessee. Any sale or lease of the Equipment by Lessor after default shall be free and clear of any rights or interests of Lessee. Without limiting any of the foregoing remedies, Lessor may immediately recover the following from Lessee: (A) all unpaid rentals, late charges and other sums due as of the date of default; (B) all unpaid rentals to become due from the date of default through the last day of the term of each Lease; (C) any and all reasonable costs or expenses paid or incurred by Lessor in connection with the repossession, holding, repair, reconditioning and subsequent sale, lease or other disposition of the Equipment, including but not limited to attorney's fees and reasonable costs, whether or not litigation is commenced; (D) the residual value of any item of Equipment which Lessee fails to return to Lessor as provided above or converts or destroys, or which Lessor does not or is unable to repossess; (E) all other costs or expenses paid or incurred by Lessor at any time in connection with the execution, delivery, administration, amendment and enforcement or exercise of any of the Lessor's rights and remedies under each Lease, including but not limited to, attorneys' fees and costs, whether or not litigation is commenced, and taxes imposed by any governmental agency; (F) any actual or anticipated loss of federal or state tax benefits to Lessor (as determined by Lessor) resulting from Lessee's default or Lessor's repossession or disposition of the Equipment; and (G) any and all other damages proximately caused by Lessee's default. If Lessor obtains possession of any Equipment after default, the amount Lessor shall be entitled to recover shall be reduced by the lesser of (1) the rent due for the portion of the term of each lease remaining at the point in time the Equipment is re-sold or re-leased, or (2) either (a) the proceeds received by Lessor on the re-sale of the Equipment, less the re-sold Equipment's residual value or (b) the invoice value used for the re-lease of the Equipment less the re-leased Equipment's residual value. Lessor shall not be obligated to sell, lease, or otherwise dispose of any item of repossessed Equipment under each Lease if it would impair the sale, lease or other disposition by Lessor of similar equipment. Lessee shall be liable for any deficiency suffered by Lessor and unless otherwise required by law, Lessor shall not be required to account to Lessee for any surplus or profit.

All rights and remedies of Lessor under each Lease are in addition to all rights and remedies contained in any other agreement, instrument or document or available to Lessor at law or in equity. All such rights and remedies are cumulative and not exclusive and may be exercised successively, concurrently and repeatedly. No default by Lessee or action by Lessor, including repossession, sale or re-leasing of Equipment, shall result in or constitute a termination of each Lease unless Lessor so notifies Lessee in writing, and no termination hereof shall release or impair any of Lessee's obligations hereunder. No exercise of any right or remedy shall constitute an election of remedies and preclude exercise of any other right or remedy.

23. **WAIVER, ETC.** No delay or omission on the part of Lessor in exercising any right hereunder shall operate as a waiver of any such right or of any other right hereunder, and a waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any future occasion. Any waiver, permit, consent or approval of any kind or character on the part of Lessor of any breach or default under this Lease, or any waiver on the part of Lessor of any provision or condition of this Lease, must be in writing and shall be effective only to the extent specifically set forth in such writing. Acceptance by Lessor of a rental or other payment at a time when Lessee is in default hereunder shall not constitute a waiver of such default or defaults or of Lessor's right to terminate Lessee's rights hereunder pursuant to Paragraph 22 hereof. If Lessee, whether with or without the permission of Lessor, remains in possession of any items of Equipment beyond the expiration of the applicable Lease term without such Lease term having been formally extended, Lessee shall be responsible to pay rent at the rate heretofore in effect and shall also remain obligated to perform and observe all other covenants and agreements of Lessee hereunder, but no such retention of possession shall be construed as an extension of said lease term or as a waiver of Lessor's right to repossess said items of Equipment unless expressly agreed to in writing by Lessor.

24. **INDEMNIFICATION.** Lessee assumes liability for, and shall and does hereby indemnify and hold harmless Lessor, its agents, employees, officers, directors, successors and assigns (collectively, the "Indemnified Parties") from and against any and all liabilities, claims, costs and expenses, including reasonable attorneys' fees, of every kind and nature (including, without limitation, for property damage, wrongful death or personal injury and for trademark, patent or copyright infringement) (collectively, "Claims") arising out of or relating to the use, condition (including latent and other defects whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, leasing or return of any item of Equipment, regardless of where, how and by whom operated, any failure on the part of Lessee to perform or comply with any conditions of this Lease or any loss by Lessor of the benefit of any accelerated depreciation or Investment Tax Credit or the right to claim the same, with respect to the Equipment. Without limiting the foregoing, this indemnification shall extend to claims made by any person, including Lessee, its agents and employees, and shall apply whether liabilities, claims, etc., are based on negligence (passive or active) of Lessor or another, breach of warranty, strict liability, products liability or otherwise. The indemnities and assumptions of liabilities and obligations provided for in this paragraph and Lessee's indemnities elsewhere in each lease shall continue if full force and effect notwithstanding the expiration or other termination of each Lease. Lessee is an independent contractor. Nothing contained in each Lease shall authorize Lessee or any other person to operate any item of Equipment so as to incur or impose any liability or obligation for or on behalf of Lessor. Notwithstanding any terms or provisions to the contrary in this Master Lease or any Lease, Lessee shall not be required to indemnify or hold the Indemnified Parties harmless to the extent that a court or regulatory authority of competent jurisdiction determines in a final non-appealable order or judgment that the Claims were caused by the negligence or willful misconduct of any of the Indemnified Parties.

25. **ASSIGNMENT BY LESSEE.** WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, LESSEE SHALL NOT VOLUNTARILY OR INVOLUNTARILY (A) SELL, ASSIGN, TRANSFER, PLEDGE, GRANT A SECURITY INTEREST IN, HYPOTHECATE OR OTHERWISE DISPOSE OF EACH LEASE, THE EQUIPMENT, OR ANY INTEREST IN EACH LEASE OR THE EQUIPMENT; (B) SUBLET OR LEND ANY ITEM OF EQUIPMENT OR ANY PART THEREOF; OR (C) PERMIT ANY ITEM OF EQUIPMENT OR ANY PART THEREOF TO BE USED BY ANYONE OTHER THAN LESSEE'S EMPLOYEES

26. **FURTHER ASSURANCE:** Lessee hereby agrees and does hereby appoint Lessor or its agents or assigns its true and lawful attorney-in-fact to prepare, execute and sign any instrument or financing statement necessary to protect Lessor's rights, title and interest in the Equipment subject hereto, and to sign the name of the Lessee with the same force and effect as if signed by Lessee, and to file same at the proper location or locations. Lessee further agrees that Lessor may file financing statements in its name or in the name of any agent designated by Lessor in a separate agreement entered into by us without the consent of or notice to Lessee. Lessee hereby authorizes Lessor, or its assigns, to file a financing statement without Lessee's signature, in form and content and from time to time as Lessor deems proper, listing Lessee as Lessee or Debtor. Lessee further agrees, if Lessor so requests, to execute any instrument necessary to protect Lessor's interest in the Equipment. Lessee agrees to furnish financial statements, including a balance sheet and income statement for Lessee's two most current fiscal years and for each subsequent fiscal year that this Lease is in effect, and its most recent quarterly interim financial statement

27. **ATTORNEY FEES.** In the event of any legal action with respect to this Lease, the prevailing party in any such action shall be entitled to reasonable attorney fees, including attorney fees incurred at the trial level including action in any bankruptcy court, on appeal or review or incurred without action, suits or proceedings together with all costs and expenses incurred in pursuit thereof.

28. **NO AGENCY.** LESSEE ACKNOWLEDGES THAT NEITHER THE SUPPLIER NOR ANY SALESMAN, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE SUPPLIER OR ANY FINDER, BROKER, OR EMPLOYEE OR AGENT OF ANY FINDER OR BROKER IS AN AGENT OR REPRESENTATIVE OF LESSOR, AND THAT NONE OF THE ABOVE IS AUTHORIZED TO WAIVE, ALTER OR ADD TO ANY TERM, PROVISION OR CONDITION OF THIS MASTER LEASE OR ANY SCHEDULE HERETO, OR MAKE ANY REPRESENTATION WITH RESPECT TO THIS MASTER LEASE OR ANY SCHEDULE HERETO. Lessee further acknowledges that Lessee, in executing this Lease, has relied solely upon the terms, provisions and conditions contained herein, and any other statements, warranties or representations, if any, by the supplier, or any salesman, employee, representative or agent of the supplier or any finder, broker or employee or agent of any finder or broker have not been relied upon by Lessee and shall not in any way affect Lessee's obligation to pay rent and otherwise perform as set forth in this Master Lease

29. **LESSEE'S WARRANTIES** Lessee represents and warrants to Lessor that (a) Lessee is duly organized, validly existing, and in good standing under applicable state law; (b) Lessee will authorize the signing, delivery and performance of each Lease before signing it; (c) when fully signed and delivered each Lease will be a legal, valid and binding agreement of Lessee, enforceable against Lessee in accordance with its terms and conditions, and will not violate or create a default under any law, rule, regulation, judgement, order, instrument, agreement or charter document binding on Lessee or its property; (d) no action with any government authority is required for Lessee to enter into this Lease; (e) there are no pending or threatened actions or proceedings before any court or administrative agency that could have a material adverse effect on Lessee's ability to pay Lessor, nor is Lessee in default under any loan, lease or purchase obligation; (f) each Lease will be effective against all creditors of Lessee under applicable law, including fraudulent conveyance and bulk transfer laws; (g) the financial statements and other information furnished to Lessor are and will be true and correct in all material respects and Lessor will be relying on the information contained therein; and (h) that Lessee's exact legal name, state of incorporation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor

30. **MISCELLANEOUS.** Time is of the essence of each Lease and of each and all of its provisions. Lessor and Lessee agree that any amount which Lessor may recover from Lessee under subparagraph 14 (c) or Paragraph 22 of this Master Lease represents liquidated damages for the loss of Lessor's bargain and not a penalty. If there is more than one Lessee to this Master Lease, the liability of each shall be joint and several and any release of or forbearance with respect to one Lessee shall not release any other Lessee. Lessor shall be entitled to specific performance of any and all of its rights under this Master Lease whether or not an adequate remedy at law exists. Any action, proceeding or appeal on any matter related to or arising out of this Master Lease, Lessor, Lessee and any guarantor or subscriber (i) SHALL BE SUBJECT TO THE JURISDICTION OF THE STATE OF CALIFORNIA, AND CONCEDES THAT IT, AND EACH OF THEM, TRANSACTED BUSINESS IN THE STATE OF CALIFORNIA BY ENTERING INTO THIS LEASE; (ii) SHALL ACCEPT VENUE IN THE COUNTY OF ORANGE STATE OF CALIFORNIA, THIS LEASE IS SUBJECT TO APPROVAL AND ACCEPTANCE BY BALBOA CAPITAL CORPORATION'S FINANCE COMMITTEE AND SHALL NOT BECOME BINDING UPON LESSOR UNTIL EXECUTED BY AN OFFICER OF LESSOR. Such officer shall be the C.E.O., President, C.O.O., or Vice President. No other officer, employee, or agent of Lessor has the authority to waive, alter, or add to any term, provision or condition of this Master Lease and/or each Schedule. Notice thereof is hereby waived by Lessee. By execution hereof, the signer hereby certifies that he has read this Master Lease and any Schedule executed concurrently herewith, and that he is duly authorized to execute this Master Lease and each Schedule on behalf of Lessee. ANY AMENDMENT TO THIS MASTER LEASE AND/OR SCHEDULE TO BE EFFECTIVE MUST BE IN WRITING SIGNED BY LESSOR AND LESSEE. This Master Lease constitutes the entire agreement between the parties hereto with respect to the leasing of the Equipment. Any notice required by this Lease or the UCC shall be deemed to be delivered when a record properly directed to the intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet, or (d) has been personally delivered

31. **COUNTERPARTS:** If this document was sent electronically, you hereby warrant that this document has not been altered in any way. Any alteration or revision to any part of this or any attached documents will make all such alterations or revisions non-binding and void. Only one counterpart of the Lease and of each Schedule or Addenda shall bear our ink signed signature and shall be marked "Original". To the extent that any Lease, Schedule or Addenda constitute chattel paper (as that term is defined by the Uniform Commercial Code) a security interest may only be created in the Lease, Schedule, or Addenda that bears our ink signed signature and is marked "Original"

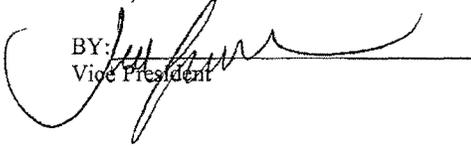
**31. NO ALTERATIONS** Lessee hereby warrants that this document has not been altered in any way. Any alteration or revision to any part of this or any attached documents will make all documents non-binding and void

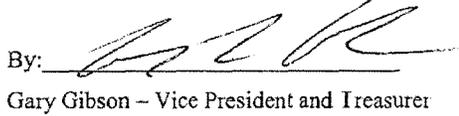
IN WITNESS WHEREOF the parties have caused this Lease to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written

ACCEPTED BY:

**LESSOR:**  
Balboa Capital Corporation  
2010 Main Street  
11<sup>th</sup> Floor  
Irvine, CA 92614

**LESSEE:**  
ShopKo Stores Operating Co., LLC  
700 Pilgrim Way  
Green Bay, WI 54304

BY:   
Vice President

By:   
Gary Gibson - Vice President and Treasurer

DATE: 7/10/12

DATE: June 11, 2012

June 26, 2012

Shopko Stores Operating Co, LLC  
700 Pilgrim Way  
Green Bay, WI 54304

Re: Schedule No. 171984-000 dated June 25, 2012 (the "Schedule") between **BALBOA CAPITAL CORPORATION** the "Lessor") and **Shopko Stores Operating Co., LLC** (the "Lessee"), which incorporates by reference the terms and conditions of Master Lease Agreement No dated June 11, 2012 (the "Master Lease") The Schedule and Master Lease are referenced herein collectively as the "Lease"

Term: 12 Quarters (12) Quaters remaining  
Quarterly Rental: \$129,565 78

To Whom It May Concern:

Notice is hereby given that the Lessor has made an assignment of the Lease and granted a security interest in the underlying property (the "Equipment") to Pacific Western Equipment Finance, a division of Pacific Western Bank (the "Secured Party")

Lessee is hereby directed, and by signature below agrees, to pay directly to Secured Party at the address set forth below, all rental payments, casualty payments, loss or termination payments, accelerated payments upon default, attorney's fees and expenses of collection and enforcement of the Lease, all hereinafter referred to as "Payments "

The following payments due to Lessor under the Lease shall be paid to the Secured Party at 6975 Union Park Center, Suite 200, Cottonwood Heights, UT 84047 as follows: Eleven (11) consecutive quarterly payments of \$129,565 78 and 1 final quarterly payment of \$86,377 19 commencing on September 29, 2012 through and including the payment due on June 29, 2015

Lessee, by signature below, acknowledges and agrees that: Lessee's obligations to make Payments under the Lease and the rights of Secured Party in and to such amounts, shall be absolute and unconditional and shall not be subject to any abatement, reduction, setoff, defense, counterclaim or recoupment whatsoever; Lessee will not modify or consent to any modification of the terms of the Lease or any related documents or enter into any sublease of the Equipment without the prior written consent of the Secured Party; the Lease represents the sole agreement between Lessor and Lessee respecting the lease, Equipment, the rentals, and all other payments due under the Lease; the Secured Party shall not have any affirmative obligation under the Lease; and, that there are no liens or judgments, suits or proceedings, pending or threatened against Lessee which would adversely affect Lessee's ability to make Payments under the Lease

Very truly yours,

**BALBOA CAPITAL CORPORATION**

BY: [Signature]

TITLE: Vice President

Acknowledged by:

LESSEE:  
**SHOPKO STORES OPERATING CO, LLC**

BY: [Signature]

TITLE: VP Treasurer

DATE: 6-25-12



Lease Schedule No. 171984-000

This Schedule is made as of the Acceptance Date set forth below and is made pursuant to and incorporates by reference each and every term of that certain Master Lease Agreement dated 6/11/12 as through fully set forth herein

<b>Lessee</b> Shopko Stores Operating Co., LLC		<b>Location of Leased Property</b>	
<b>Street</b> 700 PILGRIM WAY		<b>Street</b>	
<b>City, State, Zip Code</b> Green Bay, WI 54304		<b>City, State, Zip Code</b>	
<b>Attention</b> Gary Gibson		<b>Attention</b>	
<b>Title</b> Vice President, Treasurer	<b>Phone No.</b> 920-496-7200	<b>Title</b>	<b>Phone No.</b>

ITEM	QUANTITY	DESCRIPTION	
		See Exhibit 'A', attached hereto and made a part hereof.	
<b>BASE TERM</b> 12	<b>DEPOSIT</b> \$43,188.59	<b>Deposit to be applied to:</b> Last Quarterly Rental Documentation Fee: 1% Base Lease Amount	<b>QUARTERLY PAYMENT</b> 129565.78 *Plus Sales/Use tax if applicable

**LESSOR:**  
Balboa Capital Corporation

By: [Signature]  
Vice President

Date: 7/10/12

**LESSEE:**  
Shopko Stores Operating Co., LLC

By: [Signature]  
Gary Gibson, Vice President Treasurer

Date: 06/25/12

M741G



2010 Main Street Suite 1100  
Irvine, CA 92614-7203  
Address Service Requested

**INVOICE**

**Remittance Section**

Customer Number: 98311  
Contract Number: 171984-000  
Invoice Number: 1620200  
Invoice Due Date: 8/20/12  
**Total Due:** \$148,285.30  
**Amount Remitted:** \$ \_\_\_\_\_

SHOPKO STORES OPERATING CO., L  
700 PILGRIM WAY  
Green Bay, WI 54304

**\*DO NOT PAY FROM THIS INVOICE\***  
ACH INVOICE  
WE WILL AUTOMATICALLY DEBIT  
YOUR BANK ACCT FOR THE CHARGES  
SHOWN ON/AFTER DUE DATE,

Keep lower portion for your records – Please return upper portion with your payment



2010 Main Street Suite 1100  
Irvine, CA 92614-7203

Customer Name: SHOPKO STORES OPERATING CO., L Contract Number: 171984-000  
Customer Number: 98311 Invoice Number: 1620200  
Invoice Date: 7/30/12 **Total Due:** \$148,285.30  
Invoice Due Date: 8/20/12 Last Payment Received: 7/20/12  
Previous Amount Due: \$87,125.35

**Important Messages**

**Important Note:** Manage your account online - access your future invoices and get detailed account information by registering at [www.Balboacapital.com/customercenter](http://www.Balboacapital.com/customercenter)

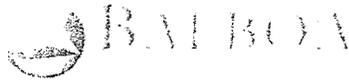


DESCRIPTION	CHARGES	PAYMENT	AMOUNT DUE
Previous Amount Due/Payment	\$87,125.35	(\$87,125.35)	\$0.00
Documentation	\$13,976.41	\$0.00	\$13,976.41
UCC	\$79.00	\$0.00	\$79.00
Wire Fee	\$120.00	\$0.00	\$120.00
Prorated Rnt:07/02/12-09/28/12	\$66,428.62	\$0.00	\$66,428.62
Prorated Rnt:07/02/12-09/29/12	\$61,697.53	\$0.00	\$61,697.53
Sales Tax	\$5,983.74	\$0.00	\$5,983.74
<b>PLEASE PAY THIS AMOUNT</b>			<b>\$148,285.30</b>

CURRENT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
\$148,285.30	\$0.00	\$0.00	\$0.00	\$0.00

If you have questions regarding your invoice, please register and log onto [www.balboacapital.com](http://www.balboacapital.com) or give us a call at (888) 272-1800.





Lease Number: 171984-000

LESSOR: BALBOA CAPITAL CORPORATION

VEHICLE ADDENDUM

ADDENDUM TO LEASE OF EQUIPMENT DATED 6/25/12

THE TERM "VEHICLE" AS USED HEREIN SHALL BE DEEMED TO REFER TO AN ITEM OF EQUIPMENT AS DEFINED IN THE LEASE

**RETURN OF VEHICLES:** Upon termination of this Lease by expiration of the term thereof or in the event of Lessee's default as hereinafter defined, Lessee will at its own cost and expense, promptly return each Vehicle to Lessor at an address specified by Lessor in the same condition as received as hereinafter defined and normal depreciation alone excepted ("Average Saleable Condition"). Lessee will pay for any repairs required to place each Vehicle in Average Saleable Condition, including parts and labor. Lessee shall, without delay, cause each Vehicle to be insured and delivered to Lessor to such location as Lessor shall direct.

The term 'Average Saleable Condition' shall apply to any Vehicle returned to Lessor, with the following conditions required to be fulfilled:

**Tires:** On each Vehicle which is a power unit, all tires will have a minimum of 50% remaining tread. On each Vehicle which is a trailer or van, all tires shall have a minimum of 35% remaining tread.

**Engine:** The engine for each Vehicle which is a power unit must have been maintained in accordance with manufacturer's recommendations, including overhauling as required. At the time of return, the engine must be capable of meeting manufacturer's minimum operational specifications while under full load.

**Transmission and Rear Axle:** The transmission and rear axle for each Vehicle must also meet manufacturer's minimum operating specifications under full load.

**Brakes:** Brake lining for each Vehicle on all wheels will have a remaining life of 50%.

**General Condition:** Damage to exterior or interior materials may not exceed \$500 cost of repairs for each Vehicle. All operating components of each Vehicle must meet applicable vehicle inspection standards and be able to perform their function as originally intended. All mechanical and electrical equipment, including radios, heaters, air conditioner, refrigeration units, etc., must be in proper operating condition.

**Mileage:** Odometer reading as of date of lease: \_\_\_\_\_ miles  
Mileage charge shall be 5 cents per mile in excess of the following allowable yearly totals:

- 1 Light duty (1 1/2 tons & less) (i.e. pickups, vans, ambulances, limousines, automobiles, light utility): 25,000 miles per year
- 2 Class 5, 6 (medium/heavy duty gas engine) (i.e. rental trucks, small delivery): 24,000 miles per year
- 3 Class 7 (medium duty diesel trucks) (i.e., heavy duty GVW with small diesel engines): 50,000 miles per year
- 4 Class 8 heavy duty diesel tractor units (over road/long haul units): 100,000 miles per year

**MAINTENANCE AND REPAIRS:** All service, materials, and repairs in connection with the use and operation of each Vehicle during the lease term, including but not limited to gasoline, oil, batteries, repairs, maintenance, tires, tubes, and towing necessary for proper use and operation, are at Lessee's sole expense. Lessee agrees that the oil in the crankcase shall at all times be kept at proper level and shall be completely changed and each Vehicle lubricated at intervals recommended in the manual provided by the manufacturer of the Vehicle. Lessor shall not be liable for repairs, nor shall any such repairs be charged to it.

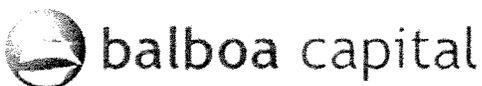
**Documents and Records:** All maintenance records, maintenance record jackets, repair orders, license plates, registration certificates, titles and all other similar documents for any Vehicle must be made available at any time for inspection at the request of the Lessor. Upon any event of return of a Vehicle, these records, in their entirety, if requested by the Lessor, will be returned to the Lessor.

**Costs:** All tests and inspections in regards to this Section will be at Lessee's expense.

**HEAVY VEHICLE USE TAX (Federal Highway Use Tax):** Lessee will file all returns and pay all (Federal) Heavy Vehicle Use Tax, which may be assessed or due on each Vehicle and Lessee agrees to indemnify Lessor for such taxes. In the event of default any expenses incurred will be included as lease damages and due from the Lessee.

SL 228B





**Addendum to  
Master Lease Agreement # 171984-000**

Reference is made to the above-referenced Lease Agreement and Lease Schedule ("Lease") dated \_\_\_\_\_ by and between Shopko Stores Operating Co., LLC as Lessee, and BALBOA CAPITAL CORPORATION as Lessor.

Notwithstanding the terms and conditions contained in the Lease and to the limited extent hereof, the parties hereto agree as follows:

"AFTER THE FINAL BASE LEASE PAYMENT HAS BEEN MADE, PLUS ALL ACCRUED BUT UNPAID LATE CHARGES, INTEREST, TAXES, PENALTIES AND/OR ANY OTHER SUMS DUE AND OWING UNDER THE LEASE AGREEMENT, AND NO EVENT OF DEFAULT, AS THE SAME IS MORE FULLY DESCRIBED IN SAID LEASE, HAS OCCURRED OR IS CONTINUING, (AS TO LEASE SCHEDULE 000 TO SAID LEASE), THE LESSEE SHALL PURCHASE SAID EQUIPMENT FROM LESSOR FOR ONE DOLLAR (\$1.00) PLUS APPLICABLE SALES TAX, AT WHICH TIME TITLE SHALL TRANSFER FROM LESSOR TO LESSEE 'AS-IS, WHERE-IS', WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED."

In all other respects, the terms and conditions of the Lease, as originally set forth, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, by their authorized signatories, have executed this Addendum "A" at the date set forth below their respective signatures.

**LESSOR:**  
Balboa Capital Corporation

By: \_\_\_\_\_  
Vice President

**LESSEE:**  
Shopko Stores Operating Co., LLC

By:   
Gary Gibson, Vice President Treasurer

Date: \_\_\_\_\_

Date: 06/25/12

