

AGREEMENT TO ISSUE BONDS

THIS AGREEMENT is made as of February ____ 2007, by and between the City of Jonesboro, Arkansas, a municipal corporation under the laws of the State of Arkansas (the "City") and Alberto-Culver USA, Inc., a Delaware corporation (together with any successor or assignee to its rights and duties hereunder, "the Company"), for the purpose of carrying out the purposes set forth in Act No. 9 of the Special Session of the General Assembly of the State of Arkansas for the year 1960, as amended, and the Economic and Industrial Development Revenue Bond Law of 1985 (the "Acts").

WITNESSETH:

WHEREAS, the City is authorized by the Acts to own, acquire, construct, equip, operate, maintain, sell, lease and contract concerning, or otherwise deal in or dispose of any land, buildings or facilities of any and every nature whatever that can be used in securing or developing industry within the City; and

WHEREAS, the Company proposes to undertake the construction of manufacturing and other facilities in the City, which will consist of the acquisition and construction of land, buildings and machinery, equipment and facilities (the "Project"); and

WHEREAS, the City has determined that the acquisition, construction and equipping of the Project within the City will secure and develop industry and make available employment and payrolls in furtherance of the public purposes of the Acts; and

WHEREAS, the City and the Company desire to cooperate in the acquisition, construction and equipping of the Project and to have the costs of the Project financed from the proceeds of revenue bonds of the City (the "Bonds") to be issued pursuant to the Acts in an aggregate principal amount not to exceed \$91,000,000 (excluding any bonds issued to refund the Bonds in one or more series); and

WHEREAS, the City and the Company contemplate that the Project will be leased to the Company, with an option to purchase, and the rental payments therefore, together with other money available shall be sufficient to pay debt service on the Bonds and all related costs;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration under the mutual benefits, covenants and agreements herein expressed, the City and the Company agree as follows:

1. **Sale of Bonds, Security.** The City hereby agrees that when requested by the Company, it will take such steps as are necessary to issue, sell and deliver, pursuant to the terms of the Acts, the Bonds for the purposes of financing the costs of the Project, the purchaser(s) or underwriter(s) thereof to be designated by the Company, the Bonds to be in such principal amount, to mature in such amount and times, to bear interest at such rate or rates and to be payable on such dates and to have such optional and mandatory redemption features and prices as may be requested by the Company. The Bonds shall have a term of not to exceed 30 years. The City agrees that it will enter into the lease, and if required, a mortgage or an indenture of trust with a bank or trust

company, qualified to exercise trust powers where necessary, for the purpose of providing rental payments sufficient, with other amounts available from the Company or directly or indirectly from the proceeds of the Bonds, to pay the principal of, premium if any, and interest on the Bonds as then become due together with the charges of any Trustee and/or any Paying Agent for the Bonds, if any, and pledging and/or otherwise securing the payment of such rental payments for the benefit of the holder(s) of the Bonds. The City further agrees that it will, at the proper time when requested by the Company, adopt, or cause to be adopted, such proceedings and authorize the execution of such documents as may be necessary and advisable for the authorization, sale and issuance of the Bonds, the acquiring, constructing and equipping of the Project, and for the leasing to the Company, all in conformity with the Acts and other applicable federal and state laws upon terms and conditions mutually satisfactory to the City and the Company. The lease, the indenture and other related documents, and the Bonds shall contain such terms and conditions as are agreed upon by the City and the Company. The City will cooperate in consummating the transaction so contemplated.

2. Bonds to be Special Obligations. The City shall have no financial responsibility with respect to the Project, the Bonds or the costs associated with either, and the Bonds shall be special obligations of the City and shall never constitute a general obligation, indebtedness or pledge of the credit of the City within the meaning of any constitutional or statutory provision and shall never be paid in whole or in part out of any funds raised or to be raised by

taxation or any other revenues or other funds of the City except those (including unexpended Bond proceeds) derived from or in connection with the sale or lease of the Project as provided for herein.

3. Lease. The City shall enter into a lease, or leases, under which the Company will lease, with an option to purchase, from the City, the Project or portions thereof, and will agree to make rental payments sufficient to pay the principal of, premium, if any, and interest on the Bonds, together with all charges of any Trustee and/or any Paying Agent for the Bonds.

4. Conditions of Issuance. The Bonds may be issued either at one time, or in several series, and/or issues from time to time, in such aggregate principal amount or amounts as the company shall request in writing; provided, however, that all conditions of the Acts shall have been met.

5. Cost to be Financed. The costs of the Project may include any costs permissible under the Acts, including but not limited to reasonable and necessary costs, expenses and fees incurred by the City in connection with the issuance of the Bonds or in connection with the Project, such as out-of-pocket expenses incurred by any employee of the City; fees and out-of-pocket expenses of counsel for the City, fees and out-of-pocket expenses of Bond Counsel and any trustee and/or paying agent; fees and expenses of the purchaser(s) or underwriter(s) of the proposed Bonds; recording costs, and printing costs. The City will, upon request, provide or cause to be provided any data or information which may be reasonably required to verify any of the costs, expenses and fees enumerated above.

6. Construction. The City and the Company will cooperate in causing to be commenced and continued the required acquisition, construction, reconstruction, extension, equipping and improvement of the Project; and the Company may provide, or cause to be provided, the necessary interim financing, to permit such work on the Project to commence and continue expeditiously, pending the issuance of interim and/or permanent bonds. Not later than the time of issuance and purchase of the Bonds for any portion of the Project, the Company will convey and transfer, or cause to be conveyed and transferred, to the City for an amount approximately equal to that then expended by the Company for the Project, or portions thereof which are financed by the Bonds then issued (including at the Company's option any costs of interim financing), the Project or portions thereof to be then financed. There shall also be conveyed to the City any easements and right-of-way necessary to permit acquisition, construction, equipping, operation and maintenance of the Project or such portion.

7. Proceedings. All proceedings in connection with the issuance of the Bonds shall be consistent with the requirements of the Acts, including notice to all state agencies and the publication of notice as required by Act No. 1239 of the Extended Session of the General Assembly for the State of Arkansas for the year 1976. All references herein to the issuance of Bonds shall be subject to compliance with the formalities of said Act 1239 when the facts required to do so are determined.

8. Termination. This Agreement shall continue in full force and effect until the Project and its financing by Bonds, as herein specified, is accomplished. The Company may unilaterally terminate this Agreement without liability to the City (except for any amounts due and owing by the Company to the City arising out of the transactions occurring on or before the time of such termination, which shall be promptly paid by the Company to the City) by giving notice by ordinary mail, postage prepaid, to the City specifying therein the date of termination which may be the date of the notice.

9. Protection to the City. The Company shall pay all of the City's costs and expenses reasonably and necessarily incurred in connection with this Agreement or any other related document or instrument. The Company will, at all times, indemnify and hold harmless the City against any and all losses, costs, damages, expenses and liabilities of whatsoever nature directly resulting from, arising out of or related to matters in connection with this Agreement; provided, however, the Company shall not indemnify the City for its negligent or willful acts.

10. Payments in Lieu of Taxes. The Company shall make payments in lieu of ad valorem taxes under and pursuant to a Payment in Lieu of Tax Agreement among Craighead County, the City and any affected school districts to be entered into prior to the issuance of the Bonds.

11. Purpose and Effect. The Bonds are to issued, sold and delivered under the authority of the Acts and all related actions and documents shall be in conformity therewith. The City intends this Agreement to be its official binding commitment, pursuant to the terms hereof, to issue the Bonds up to \$91,000,000

in aggregate principal amount outstanding at any one time and to expend the Bond proceeds to defray the costs of the Project. The City considers this Agreement and the Resolution of the City Council authorizing it to be official action toward the issuance of Industrial Revenue Bonds for all purposes of the Acts and this Agreement has been executed prior to the commencement of the acquisition or construction of the Project.

12. Assignment. The Company shall have the right to assign the Agreement and its rights, privileges and duties hereunder to any affiliate thereof, or with the consent of the City to any other corporation, provided that such assignee expressly assumes the obligation of the Company hereunder.

ALBERTO-CULVER USA, INC. 

By:  _____

Name: Reed Anders

Title: Vice President

ATTEST:
