

SUBORDINATION AGREEMENT

This **SUBORDINATION AGREEMENT** is made this 4th day of April, 2013, by and between **PIGGLY WIGGLY ALABAMA DISTRIBUTING CO., INC.**, an Alabama corporation (the "Creditor") and **FIRST NATIONAL BANK OF TALLADEGA**, a national banking association ("Lender").

WITNESSETH:

WHEREAS, Baker Foods, Inc., an Alabama corporation ("Borrower") is the operator of retail grocery stores and is purchasing grocery goods and services on credit from Creditor; and

WHEREAS, Borrower's indebtedness and performance to Creditor is secured in part by security interests in personal property assets of Borrower pursuant to certain Security Agreements executed by Borrower in favor of Creditor and perfected by UCC Financing Statements on file with the Alabama Secretary of State, Numbers: 1999-37686 filed on September 9, 1999 and continued on March 11, 2004 and March 18, 2009; 04-0691413 filed on August 27, 2004 and continued on March 18, 2009; 05-0833226 filed on November 8, 2005 and continued on August 4, 2010; 07-0975836 filed on November 30, 2007 and continued on July 2, 2012 (the "Collateral"); and

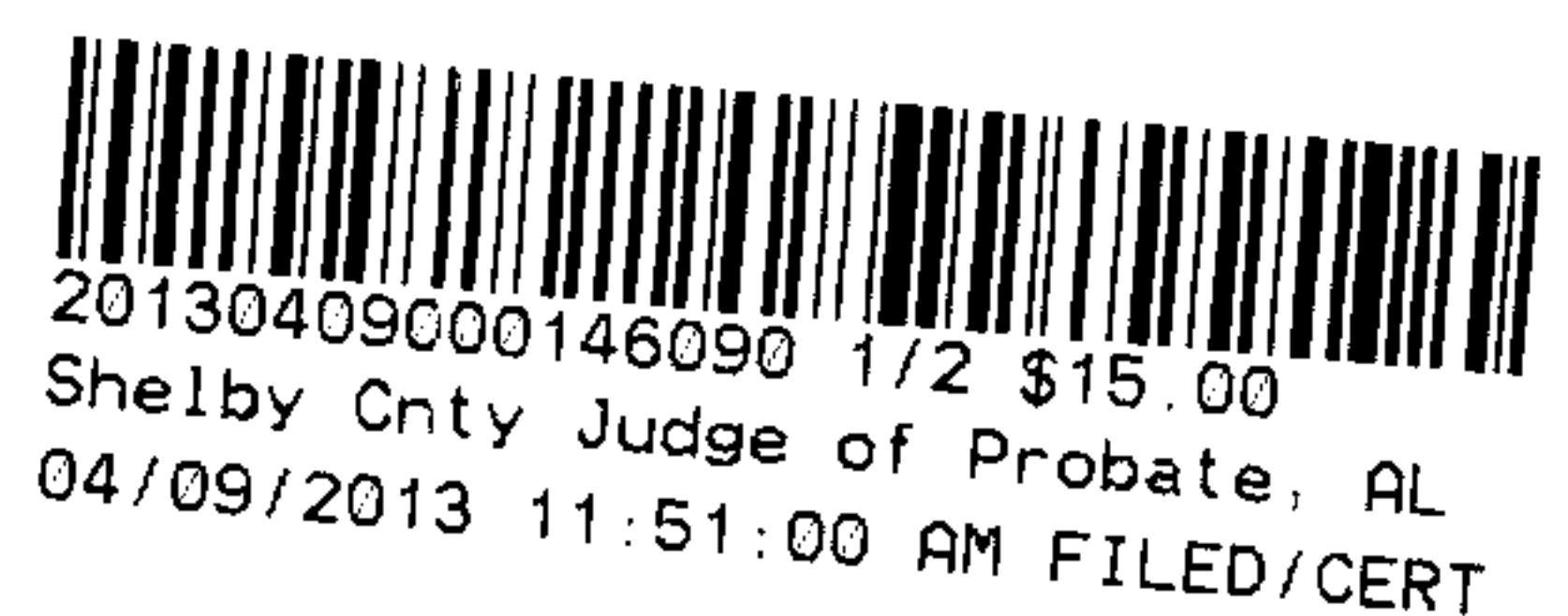
WHEREAS, of even date herewith, Borrower is to become indebted to Lender pursuant to that certain Promissory Note dated the date hereof in the principal amount of \$1,100,000 between Borrower and Lender (the "Lender Credit Agreement"), the indebtedness and performance under which is secured in part by additional security interests in the Collateral to be perfected by the filing of UCC Financing Statements with the Alabama Secretary of State; and

WHEREAS, to induce Lender to make the loan to Borrower, Creditor has agreed to subordinate its interest in the Collateral to the interests of Lender under Lender Credit Agreement in the manner hereinafter set forth.

NOW, THEREFORE, it is agreed among the parties hereto as follows, each intending to be legally bound hereby:

1. "Borrower's Indebtedness to Lender" shall mean all obligations of Borrower to Lender under the Lender Credit Agreement including without limitation all interest and lawful charges thereon now accrued or hereafter accruing thereon.

2. Notwithstanding the date, manner, or order of perfection of the security interests and liens granted to Creditor and Lender by Borrower and notwithstanding any provisions of the Uniform Commercial Code regarding priority, the security interests of Lender in the Collateral securing Borrower's Indebtedness to Lender shall be and remain at all times a lien or charge on the Collateral prior and superior to the lien or charge of Creditor on the Collateral.



3. Creditor and Lender agree to use their best efforts to give to the other copies of any notice of the occurrence or existence of a defaults or events of default under their respective credit agreements with Borrower simultaneously with the sending of the notice to the Borrower, but the failure to do so shall not affect the validity of the notice to Borrower or create a cause of action against the party failing to give the notice or create any claim or right on behalf of any third party. Notices shall be sent via United States Mail, postage prepaid, as follows:

If to Creditor:

Piggly Wiggly Alabama Distributing Co., Inc.
Attn: Matthew C. Peters
Vice President and Director of Finance
2400 J. Terrell Wooten Drive
Bessemer, Alabama 35020

If to Lender:

First National Bank of Talladega
120 North Street East
Talladega, Alabama 35160

4. The validity, interpretation, and enforcement of this Agreement shall be governed by the laws of the State of Alabama.

IN WITNESS WHEREOF, the parties hereto have set their signatures or caused this agreement to be executed by their duly authorized officers as of the date first above written.

CREDITOR:

**PIGGLY WIGGLY ALABAMA
DISTRIBUTING CO., INC.**

By: *David Bullard*
Its: President + CEO

LENDER:

FIRST NATIONAL BANK OF TALLADEGA

By: *J. Williams*
Its: Vice President

This Instrument
Prepared By:
Piggly Wiggly Alabama
Distributing Co., Inc.
2400 J. Terrell Wooten Dr.
Bessemer, AL 35020

20130409000146090 2/2 \$15.00
Shelby Cnty Judge of Probate, AL
04/09/2013 11:51:00 AM FILED/CERT

DEED 997 648

Recording Fee 20.00, TOTAL 20.00