

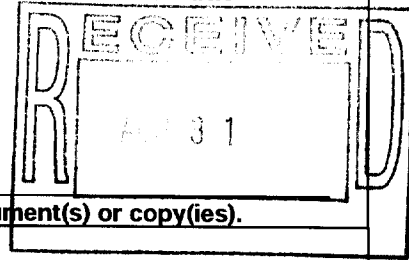
09-08-1999

TRADEMARK



101137104

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY



TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type 8-31-99

New

Resubmission (Non-Recordation)
Document ID # _____

Correction of PTO Error
Reel # _____ Frame # _____

Corrective Document
Reel # _____ Frame # _____

Conveyance Type

Assignment License

Security Agreement Nunc Pro Tunc Assignment

Merger

Change of Name

Other

Effective Date
Month Day Year

Conveying Party Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party Mark if additional names of receiving parties attached

Name

DBA/AKATA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Individual General Partnership Limited Partnership Corporation Association (NATIONAL BANKING ASSOCIATION)

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

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01 FC:481 40.00 DP
02 FC:482 125.00 DP

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Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

SERIAL	Application Number(s)			Registration Number(s)		
<input type="text" value="1,951,475"/>	<input type="text" value="931,075,131"/>	<input type="text" value="941,002,677"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
<input type="text" value="1,763,363"/>	<input type="text" value="1,763,362"/>	<input type="text" value="75/461,029"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Mairi V. Luce, Esquire

Name of Person Signing

Signature

August 27, 1999

Date Signed

COLLATERAL AGREEMENT

made by

CONDOR TECHNOLOGY SOLUTIONS, INC.

and certain of its Subsidiaries, as Grantors,

in favor of

FIRST UNION NATIONAL BANK,
as Collateral Agent;

Dated as of April 16, 1999

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COLLATERAL AGREEMENT

COLLATERAL AGREEMENT, dated as of April 16, 1999, made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of FIRST UNION NATIONAL BANK, a national banking association, as Collateral Agent (the "Collateral Agent"), for the ratable benefit of the financial institutions (the "Lenders") from time to time parties to the Credit Agreement (as hereinafter defined).

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement dated as of April 16, 1999 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Condor Technology Solutions, Inc., (the "Company") the Subsidiary Borrowers referred to therein (collectively, the Subsidiary Borrowers and with the Company, the "Borrowers"), the Lenders referred to therein, the Collateral Agent and the Administrative Agent, the Lenders have severally agreed to make extensions of credit to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, in connection with the transactions contemplated by the Credit Agreement and as a condition precedent thereto, the Lenders have requested that the Grantors grant a continuing security interest in and to the "Collateral" (as hereinafter defined) to secure the "Secured Obligations" (as hereinafter defined), and the Grantors have agreed to do so pursuant to the terms hereof.

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective Extensions of Credit to the Borrowers under the Credit Agreement that the Grantors shall have executed and delivered this Agreement to the Collateral Agent for the ratable benefit of the Lenders;

NOW, THEREFORE, in consideration of the premises and to induce the Collateral Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective Extensions of Credit to the Borrowers thereunder, each Grantor hereby agrees with the Collateral Agent, for the ratable benefit of the Lenders, as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement and the following terms are used herein as defined in the UCC: Certificated Security, Chattel Paper, and Farm Products.

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(b) The following terms shall have the following meanings:

“Accounts”: all “accounts” (as defined in the UCC) of any Grantor, including without limitation all present or future accounts receivable, all rights to payment for goods sold or leased or to be sold or leased or for services rendered or to be rendered, whether or not earned by performance, all rights in any merchandise or goods which any of the same may represent, all notes receivable, book debts, notes, bills, drafts, acceptances, choses in action, contract rights, instruments and documents and all sums of money due or to become due thereon and all proceeds thereof and all rights, title, security interests and guarantees with respect to each of the foregoing.

“Agreement”: this Collateral Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Assignment of Claims Act”: Assignment of Claims of 1940 (41 U.S.C. Section 15, 31 U.S.C. Section 3737, and 31 U.S.C. Section 3727), including all amendments thereto and regulations promulgated thereunder.

“Borrower Obligations”: the collective reference to the unpaid principal of and interest on the Loans and Reimbursement Obligations and all other obligations and liabilities of the Borrowers (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Loans and Reimbursement Obligations and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrowers, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Collateral Agent or any Lender (or, in the case of any Lender Hedge Agreement, any Affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, this Agreement, the other Loan Documents, any Letter of Credit, any Lender Hedge Agreement or any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Collateral Agent or to the Lenders that are required to be paid by the Borrowers pursuant to the terms of any of the foregoing agreements).

“Collateral”: as defined in Section 2.

“Collateral Account”: any collateral account established by the Collateral Agent as provided in Section 5.1.

“Copyrights”: collectively, all of the following of any Grantor: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations and copyright applications anywhere in the world, including, without limitation, any thereof

referred to on Schedule 3 hereto, (b) all reissues, extensions, continuations (in whole or in part) and renewals of any of the foregoing, (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing, (d) the right to sue for past, present and future infringements of any of the foregoing and (e) all rights corresponding to any of the foregoing throughout the world.

“Copyright Licenses”: any written agreement naming any Grantor as licensor or licensee (including, without limitation, those listed in Schedule 3, granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

“Deposit Account”: as defined in the UCC of any applicable jurisdiction and, in any event, including, without limitation, any demand, time, savings, passbook or like account maintained with a depository institution.

“Documents”: all “documents” (as defined in the UCC) or other receipts of any Grantor covering, evidencing or representing goods.

“Equipment”: all “equipment” (as defined in the UCC) of any Grantor and all other machinery, furniture, equipment and goods (other than Inventory) and all other tangible assets of any Grantor used or bought for use primarily in the business of such Grantor, including all accessions, additions, attachments, improvements, alterations, modifications, substitutions, repairs and replacements thereto and therefor.

“Foreign Subsidiary”: collectively, any Subsidiary which is organized under the laws of any jurisdiction outside the United States including, without limitation, Visual Reportwriter Software BV, Interactive Software GmbH, Interactive Software Ltd., and Global Core Strategies de Mexico, S.A. de C.V.

“General Intangibles”: all “general intangibles” as such term is defined in Section 9-106 of the UCC and, in any event, including, without limitation, with respect to any Grantor, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same may be amended, supplemented or otherwise modified, including, without limitation, (i) all rights of such Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of such Grantor to damages arising thereunder and (iii) all rights of such Grantor to perform and to exercise all remedies thereunder.

“Instruments”: all “instruments”, “chattel paper” or “letters of credit” (each as defined in the UCC) of any Grantor, including, without limitation, instruments, chattel paper and letters of credit evidencing, representing, arising from or existing in respect of, relating

to, securing or otherwise supporting the payment of, any of the Accounts, including (but not limited to) promissory notes, drafts, bills of exchange and trade acceptances.

“Intellectual Property”: collectively, all of the following of any Grantor: (a) all systems software and applications software, including, without limitation, screen displays and formats, program structures, sequence and organization, all documentation for such software, including, without limitation, user manuals, flowcharts, programmer’s notes, functional specifications, and operations manuals, all formulas, processes, ideas and know-how embodied in any of the foregoing, and all program materials, flowcharts, notes and outlines created in connection with any of the foregoing, whether or not patentable or copyrightable, (b) concepts, discoveries, improvements and ideas, (c) any useful information relating to the items described in clause (a) or (b), including know-how, technology, engineering drawings, reports, design information, trade secrets, practices, laboratory notebooks, specifications, test procedures, maintenance manuals, research, development, manufacturing, marketing, merchandising, selling, purchasing and accounting, (d) Patents and Patent Licenses, Copyrights and Copyright Licenses, Trademarks and Trademark Licenses, and (e) other licenses to use any of the items described in the foregoing clauses (a), (b), (c) and (d) or any other similar items of such Grantor necessary for the conduct of its business.

“Intercompany Note”: any promissory note evidencing loans made by any Grantor to another Grantor or any of its Subsidiaries.

“Inventory”: all “inventory” (as defined in the UCC) of any Grantor, including without limitation, all raw materials, inventory and other materials and supplies, work-in-process, finished goods, all accessions thereto, documents therefor and any products made or processed therefrom and all substances, if any, commingled therewith or added thereto

“Investment Property”: the collective reference to (i) all “investment property” as such term is defined in Section 9-115 of the UCC (other than the stock of any Foreign Subsidiary excluded from the definition of “Pledged Stock”) and (ii) whether or not constituting “investment property” as so defined, all Pledged Notes, all Pledged Stock and all Partnership/LLC Interests.

“Issuers”: the collective reference to each issuer of any Investment Property.

“Lender Hedge Agreements”: all Hedging Agreements entered into by any Grantor with any Lender (or any Affiliate of any Lender) .

“Notice of Assignment”: each Notice of Assignment executed by a Grantor with respect to a Government Contract to which such Grantor is a party substantially in the form of Exhibit B.

“Partnership/LLC” means the collective reference to the entities listed on Schedule 2 under the heading “Partnerships/LLCs.”

“Partnership/LLC Interests” means the entire partnership or membership interest of each Grantor in each Partnership/LLC listed on Schedule 2 hereto, including, without limitation, each Grantor’s capital account, its interest as a partner or member in the net cash flow, net profit and net loss, and items of income, gain, loss, deduction and credit of the Partnerships/LLCs, its interest in all distributions made or to be made by the Partnerships/LLCs to such Grantor and all of the other economic rights, titles and interests of each Grantor as a partner or member of the Partnerships/LLCs, whether set forth in the partnership agreement or membership agreement of the Partnerships/LLCs, by separate agreement or otherwise.

“Patents”: collectively, all of the following of any Grantor: (a) all patents, rights and interests in patents, patentable inventions and patent applications anywhere in the world, including, without limitation, any thereof referred to on Schedule 3 hereto, (b) all reissues, extensions, continuations (in whole or in part) and renewals of any of the foregoing, (c) all income, royalties, damages or payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing, (d) the right to sue for past, present and future infringements of any of the foregoing and (e) all rights corresponding to any of the foregoing throughout the world.

“Patent License”: all agreements now or hereafter in existence, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including, without limitation, any of the foregoing referred to in Schedule 3.

“Perfection Certificate”: the perfection certificate dated as of even date herewith, substantially in the form of Exhibit A hereto, in form and substance satisfactory to the Collateral Agent, and duly certified by a Responsible Officer of each Grantor so authorized to act.

“Permitted Liens” means all liens and encumbrances respecting the Collateral permitted pursuant to the terms of the Credit Agreement.

“Pledged Notes”: all promissory notes listed on Schedule 2, all Intercompany Notes at any time issued to any Grantor and all other promissory notes issued to or held by any Grantor (other than promissory notes issued in connection with extensions of trade credit by any Grantor in the ordinary course of business).

“Pledged Stock”: the shares of capital stock listed on Schedule 2 together with any other shares, stock certificates, options or rights of any nature whatsoever in respect of the capital stock of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect; provided that in no event shall the stock of any Foreign Subsidiary existing on the Closing Date as set forth on Schedule 11.4 to the Credit Agreement be required to be pledged hereunder.

“Proceeds”: all “proceeds” as such term is defined in Section 9-306(l) of the UCC and, in any event, shall include, without limitation, all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

“Securities Act”: the Securities Act of 1933, as amended.

“Security Interests” means the security interests granted pursuant to Section 2, as well as all other security interests created or assigned as additional security for the Obligations pursuant to the provisions of this Agreement.

“Trademarks”: collectively, all of the following of any Grantor: (a) all trademarks, rights and interests in trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith anywhere in the world, including without limitation any thereof referred to on Schedule 3 hereto, (b) all reissues, extensions, continuations (in whole or in part) and renewals of any of the foregoing, (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing, (d) the right to sue for past, present and future infringements of any of the foregoing and (e) all rights corresponding to any of the foregoing throughout the world.

“Trademark License”: any agreement now or hereafter in existence, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including, without limitation, any of the foregoing referred to in Schedule 3.

“UCC”: the Uniform Commercial Code as in effect in the State of New York; provided that, if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the Security Interests in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “UCC” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

“Vehicles”: all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state and all tires and other appurtenances to any of the foregoing.

1.2 Other Definitional Provisions. (a) The words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

SECTION 2. GRANT OF SECURITY INTEREST

2.1 Pledge and Grant of Security Interest. Each Grantor hereby assigns and transfers to the Collateral Agent and hereby grants and pledges to the Collateral Agent, for the ratable benefit of the Lenders, a security interest in, all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations,:

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Material Contracts;
- (d) all Deposit Accounts;
- (e) all Documents;
- (f) all Equipment;
- (g) all General Intangibles;
- (h) all Instruments;
- (i) all Intellectual Property;
- (j) all Inventory;
- (k) all Investment Property;
- (l) all other property not otherwise described above, excluding Vehicles;
- (m) all books and records pertaining to the Collateral; and

(n) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing.

Notwithstanding the foregoing, the above described conveyance shall not be deemed to include the conveyance of any Government Contract or other contractual agreement, which by its terms or Applicable Law may not be conveyed; it being understood, however, that in any such situation(s), the Collateral Agent's security interest shall include (i) the entirety of each Borrower's right, title and interest in and to all accounts receivable and all other proceeds directly or indirectly arising from such Government Contract or other contractual agreement, and (ii) all other rights and interests which any Grantor may lawfully convey to the Collateral Agent.

SECTION 3. REPRESENTATIONS AND WARRANTIES

To induce the Collateral Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective Extensions of Credit to the Borrowers thereunder, each Grantor hereby represents and warrants to the Collateral Agent and each Lender that:

3.1 Existence. Each Grantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, has the corporate power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted and is duly qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification and authorization.

3.2 Binding Obligation. (a) Each Grantor has the corporate right, power and authority to execute, deliver and perform this Agreement and has taken all necessary corporate action to authorize its execution, delivery and performance of, this Agreement.

(b) This Agreement constitutes the legal, valid and binding obligation of the Grantors enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies.

(c) The execution, delivery and performance of this Agreement by the Grantors will not violate any material provision of any Applicable Law or material contractual obligation of any Grantor and will not result in the creation or imposition of any Lien, other than the security interests granted to the Collateral Agent hereunder, upon or with respect to any property or revenues of any Grantor.

3.3 Title, No Other Liens. Except for the security interest granted to the Collateral Agent for the ratable benefit of the Lenders pursuant to this Agreement and the other Liens permitted to exist on the Collateral by the Credit Agreement, the Grantors own each item of the Collateral free and clear of any and all Liens or claims of others. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any

public office, except such as have been filed in favor of the Collateral Agent, for the ratable benefit of the Lenders, pursuant to this Agreement or as are permitted by the Credit Agreement. No Collateral of any Grantor is in the possession of any Person (other than such Grantor) asserting any claim thereto or security interest therein, except that the Collateral Agent or its designee may have possession of Collateral as contemplated hereby and a bailee may have possession of the Collateral as contemplated by, and so long as, such Grantor has complied with Section 4.6(a) and Section 4.6(b) hereof.

3.4 Perfected First Priority Liens. The security interests granted pursuant to this Agreement (a) constitute valid perfected security interests in all of the Collateral in favor of the Collateral Agent, for the ratable benefit of the Lenders, as collateral security for such Grantor's Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor and (b) are prior to all other Liens on the Collateral in existence on the date hereof except for unrecorded Liens permitted by the Credit Agreement which have priority over the Liens on the Collateral by operation of law.

3.5 Perfection Certificate. All the information set forth in the Perfection Certificate is true and correct as of the date hereof.

3.6 Chief Executive Office. On the date hereof, such Grantor's jurisdiction of organization and the location of such Grantor's chief executive office or sole place of business are specified in the Perfection Certificate

3.7 Inventory and Equipment. (a) On the date hereof, the Inventory and the Equipment (other than mobile goods) are kept at the locations listed in the Perfection Certificate.

(b) No Inventory in aggregate value exceeding \$50,000 at any time is, nor shall at any time or times be, kept, stored or maintained with a bailee, warehouseman, carrier or similar party (other than a carrier delivering Inventory to a purchaser in the ordinary course of the applicable Grantor's business) unless the Collateral Agent shall have received prior written notice of such storage and the applicable Grantor has complied with the provisions of Section 4.6(a) hereof.

(c) No Inventory in aggregate value exceeding \$50,000 at any time is, nor shall at any time or times be, kept, stored or maintained with a consignee unless the Collateral Agent shall have received prior written notice of such consignment and the applicable Grantor has complied with the provisions of Section 4.6(b) hereof.

3.8 Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

3.9 Investment Property. (a) The shares of Pledged Stock pledged by such Grantor hereunder constitute all the issued and outstanding shares of all classes of the capital stock of each Issuer owned by such Grantor and the Partnership/LLC Interests pledged by such Grantor

hereunder constitute all of the outstanding ownership interests in which the Grantor has any right, title or interest in each Partnership/LLC in which it is a partner or member.

(b) Each of the Pledged Notes constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(c) all the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable and all of the Partnership/LLC Interests have been duly and validly issued;

(d) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Investment Property pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement.

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder or creditor of any Grantor or any Issuer or any general or limited partner or member of any Partnership/LLC), is required in connection with the execution, delivery, performance, validity or enforceability against such Grantor of this Agreement, except (i) as may be required in connection with the disposition of the Pledged Stock and the Partnership/LLC Interests by laws affecting the offering and sale of securities generally, and (ii) filings under the Uniform Commercial Code;

(f) the Grantors have delivered to the Collateral Agent true and complete copies of the partnership agreements and operating agreements, as applicable, for each of the Partnerships/LLCs, which partnership agreements and operating agreements are currently in full force and effect and have not been amended or modified except as disclosed to the Collateral Agent in writing.

3.10 Accounts. (a) No amount payable to such Grantor under or in connection with any Account is evidenced by any Instrument or Chattel Paper which has not been delivered to the Collateral Agent.

(b) The amounts represented by such Grantor to the Lenders from time to time as owing to such Grantor in respect of the Accounts will at such times be accurate.

3.11 Litigation. Except for matters existing on the Closing Date and set forth on Schedule 7.1(u) to the Credit Agreement, there are no actions, suits or proceedings pending nor, to the knowledge of the Borrowers and their Subsidiaries, threatened against or in any other way relating adversely to or affecting the Borrowers, their Subsidiaries, or any of their respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority which involves the possibility of any judgment or liability not fully covered by insurance and which could reasonably be expected to have a Material Adverse Effect.

3.12 Solvency. As of the Closing Date, each Grantor (i) has capital sufficient to carry on its business and transactions and all business and transactions in which it engages and is able to pay its debts as they mature, and (ii) owns property having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its probable liabilities (including contingencies).

3.13 Material Contracts. (a) No consent of any party (other than such Grantor) to any Material Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Agreement.

(b) Each Material Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the parties thereto, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(c) No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Material Contracts by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any such Material Contract to any material adverse limitation, either specific or general in nature.

(d) Neither such Grantor nor (to the best of such Grantor's knowledge) any of the other parties to the Material Contracts is in default in the performance or observance of any of the terms thereof in any manner that, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(e) The right, title and interest of such Grantor in, to and under the Material Contracts are not subject to any defenses, offsets, counterclaims or claims that, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(f) Such Grantor has delivered to the Collateral Agent a complete and correct copy of each Material Contract, including all amendments, supplements and other modifications thereto.

(g) No amount payable to such Grantor under or in connection with any Material Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Collateral Agent.

3.14 Intellectual Property. (a) Schedule 3 lists all Intellectual Property owned by such Grantor in its own name on the date hereof.

(b) On the date hereof, all material Intellectual Property is valid, subsisting, unexpired and enforceable, has not been abandoned and does not infringe the intellectual property rights of any other Person.

(c) Except as set forth in Schedule 3 on the date hereof, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

(d) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or such Grantor's rights in, any Intellectual Property in any respect that could reasonably be expected to have a Material Adverse Effect.

(e) No action or proceeding is pending, or, to the knowledge of such Grantor, threatened, on the date hereof (i) seeking to limit, cancel or question the validity of any Intellectual Property or such Grantor's ownership interest therein, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Intellectual Property.

3.15 Financing Statements. The Financing Statements naming each Grantor as a debtor are in appropriate form and when filed in the offices specified in the Perfection Certificate, the Security Interests will constitute valid and perfected Security Interests in the Collateral of such Grantor, prior to all other Liens and rights of others therein except for Permitted Liens (to the extent that a security interest therein may be perfected by filing pursuant to the UCC) and all filings and other actions necessary or desirable to perfect and protect such Security Interests have been duly taken.

SECTION 4. COVENANTS

Each Grantor covenants and agrees with the Collateral Agent on behalf of the Lenders that, from and after the date of this Agreement until the Obligations shall have been paid in full, no Letter of Credit shall be outstanding and the Commitments shall have terminated:

4.1 Delivery of Instruments, Certificated Securities and Chattel Paper. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument, Certificated Security or Chattel Paper, such Instrument, Certificated Security or Chattel Paper shall be immediately delivered to the Collateral Agent, duly indorsed in a manner satisfactory to the Collateral Agent, to be held as Collateral pursuant to this Agreement.

4.2 Maintenance of Insurance. (a) Such Grantor will maintain, with financially sound and reputable companies, insurance policies (i) insuring the Inventory and Equipment against loss by fire, explosion, theft, fraud and such other casualties as may be reasonably satisfactory to the Collateral Agent in amounts and with deductibles at least as favorable as those generally maintained by businesses of similar size engaged in similar activities and (ii) insuring such Grantor, the Collateral Agent and the Lenders against liability for hazards, risks and liability to persons and property relating to such Inventory and Equipment, in amounts and with deductibles at least as favorable as those generally maintained by businesses of similar size engaged in similar activities, such policies to be in such form and having such coverage as may be reasonably satisfactory to the Collateral Agent and the Required Lenders.

(b) All such insurance shall (i) name the Collateral Agent as loss payee (to the extent covering risk of loss or damage to tangible property) and as an additional insured as its interests may appear (to the extent covering any other risk), (ii) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Collateral Agent of written notice thereof, (iii) if reasonably requested by the Collateral Agent, include a breach of warranty clause and (iv) be reasonably satisfactory in all other respects to the Collateral Agent.

(c) At the request of the Collateral Agent, the Borrowers shall deliver to the Collateral Agent a report of a reputable insurance broker with respect to such insurance substantially concurrently with each delivery of the Borrower's audited annual financial statements and such supplemental reports with respect thereto as the Collateral Agent may from time to time reasonably request.

4.3 Payment of Obligations. Such Grantor will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of such Grantor and such proceedings could not reasonably be expected to result in the sale, forfeiture or loss of any material portion of the Collateral or any interest therein.

4.4 Maintenance of Perfected Security Interest; Assignment of Claims; Further Documentation. (a) Such Grantor shall maintain the Security Interest created by this Agreement as a perfected Security Interest having at least the priority described in Section 3.4 and shall defend such Security Interest against the claims and demands of all Persons whomsoever.

(b) Such Grantor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as the Collateral Agent may reasonably request, all in reasonable detail.

(c) At any time and from time to time, at the sole expense of such Grantor, and, solely with respect to clauses (i), (ii), (iii) and (iv) upon the written request of the Collateral Agent, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Collateral Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (i) the assignment of any Material Contract, (ii) filing any financing or continuation statements under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby, (iii) in connection with each Government Contract and which is required by the Collateral Agent to be assigned to the Collateral Agent, all documents or materials necessary or appropriate in order to comply with the Assignment of Claims Act, (iv) in the case of Investment Property, Deposit

Accounts and any other relevant Collateral, taking any actions necessary to enable the Collateral Agent to obtain "control" (within the meaning of the applicable UCC) with respect thereto; and (v) in the case of Pledged Stock, Pledged Notes and Partnership/LLC Interests acquired by any Grantor, immediately pledge and deliver the corresponding certificates or other instruments to the Collateral Agent duly endorsed in a manner satisfactory to the Collateral Agent and, as applicable, accompanied by duly executed stock powers, in blank.

(d) No Grantor shall (1) sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, except as permitted by the Credit Agreement, or (2) create or suffer to exist any Lien or other charge or encumbrance upon or with respect to any of the Collateral to secure indebtedness of any Person or entity, except as permitted by the Credit Agreement.

(e) Each Grantor will comply in all material respects with all Applicable Laws applicable to the Collateral or any part thereof or to the operation of such Grantor's business.

4.5 Changes in Locations, Name, etc. Such Grantor will not, except upon 15 days' prior written notice to the Collateral Agent and delivery to the Collateral Agent of (a) all additional executed financing statements and other documents reasonably requested by the Collateral Agent to maintain the validity, perfection and priority of the security interests provided for herein and (b) if applicable, a written supplement to the Perfection Certificate showing any additional location at which Inventory or Equipment shall be kept:

(i) permit any of the Inventory or Equipment to be kept at a location other than those listed in the Perfection Certificate;

(ii) change its jurisdiction of organization or the location of its chief executive office or sole place of business from that referred to in the Perfection Certificate; or

(iii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Collateral Agent in connection with this Agreement would become misleading.

4.6 Bailment; Consignment.

(a) If any Collateral exceeding in value \$50,000 in the aggregate is at any time in the possession or control of any warehouseman, bailee (other than a carrier transporting Inventory to a purchaser in the ordinary course of business), or any of any Grantor's agents or processors, such Grantor shall notify in writing such warehouseman, bailee, agent or processor of the Security Interests created hereby, shall use its commercially reasonable efforts to obtain such warehouseman's, bailee's, agent's or processor's agreement in writing to hold all such Collateral for the Collateral Agent's account subject to the Collateral Agent's instructions, and shall cause such warehouseman, bailee, agent or processor to issue and deliver to the Collateral Agent warehouse receipts, bills of lading or any similar documents relating to such Collateral in the Collateral Agent's name and in form and substance acceptable to the Collateral Agent.

(b) If any Collateral exceeding in value \$50,000 is at any time in the possession or control of any consignee, the applicable Grantor(s) shall notify in writing each such consignee of the Security Interests created hereby, shall use its commercially reasonable to obtain such consignee's agreement in writing to hold all such Collateral for the Collateral Agent's account subject to the Collateral Agent's instructions, and shall use its commercially reasonable efforts to cause such consignee to issue and deliver to the Collateral Agent warehouse receipts, bills of lading or any similar documents relating to such Collateral in the Collateral Agent's name and in form and substance reasonably acceptable to the Collateral Agent. Further, each Grantor shall perfect and protect such Grantor's ownership interests in all Inventory stored with a consignee against creditors of the consignee by filing and maintaining financing statements against the consignee reflecting the consignment arrangement filed in all appropriate filing offices, providing any written notices required to notify any prior creditors of the consignee of the consignment arrangement, and taking such other actions as may be appropriate to perfect and protect such Grantor's interests in such inventory under Section 2-326, Section 9-114 and Section 9-408 of the UCC or otherwise. All such financing statements filed pursuant to this Section 4.6(b) shall be assigned, on the face thereof, to the Collateral Agent, for the ratable benefit of the Lenders.

4.7 Notices Such Grantors will promptly advise the Collateral Agent, in reasonable detail of:

(a) any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral which would adversely affect the ability of the Collateral Agent to exercise any of its remedies hereunder;

(b) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby; and

(c) any change in the government contracting status of any Grantor with respect to the government of the United States or any department or agency thereof that could reasonably be expected to have a Material Adverse Effect.

4.8 Investment Property. (a) On or before the date of execution of this Agreement, the Grantors shall cause each of the partners and members of each of the Partnerships/LLCs to execute a consent in the form attached hereto evidencing the consent of such partners and members to the pledge of the Partnership/LLC Interests pursuant to this Agreement; provided, however, no consent shall be required to be obtained in connection with the pledge of the Partnership/LLC Interests of Dimensional Systems, LLC.

(b) The Grantors agree that as a partner or member in the Partnerships/LLCs such Grantor will abide by, perform and discharge each and every obligation, covenant and agreement to be abided by, performed or discharged by such Grantor under the terms of the partnership agreements and operating agreements, as applicable, of the Partnerships/LLCs, at no cost or expense to the Collateral Agent and the Lenders.

(c) Without the prior written consent of the Collateral Agent, the Grantors will not (i) vote to enable, or take any other action to permit, any Issuer or Partnership/LLC to issue any stock, partnership interests, limited liability company interests or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock, partnership interests, limited liability company interests or other equity securities of any nature of such Issuer or Partnership/LLC, (ii) except as expressly provided to the contrary herein, consent to any modification, extension or alteration of the terms of any partnership agreement or operating agreement of the Partnerships/LLCs, (iii) accept a surrender of any partnership agreement or operating agreement of any of the Partnerships/LLCs or waive any breach of or default under any partnership agreement or operating agreement of any of the Partnerships/LLCs by any other party thereto, (iv) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Collateral, or (v) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Collateral, or any interest therein, except for the Lien provided for by this Agreement. The Grantors will defend the right, title and interest of the Collateral Agent in and to the Collateral against the claims and demands of all Persons whomsoever.

(d) If such Grantor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the capital stock of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Stock, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Collateral Agent and the Lenders, hold the same in trust for the Collateral Agent and the Lenders and deliver the same forthwith to the Collateral Agent in the exact form received, duly indorsed by such Grantor to the Collateral Agent, if required, together with an undated stock power covering such certificate duly executed in blank by such Grantor and with, if the Collateral Agent so requests, signature guaranteed, to be held by the Collateral Agent, subject to the terms hereof, as additional collateral security for the Obligations. Any sums paid upon or in respect of the Investment Property upon the liquidation or dissolution of any Issuer shall be paid over to the Collateral Agent to be held by it hereunder as additional collateral security for the Obligations, and in case any distribution of capital shall be made on or in respect of the Investment Property or any property shall be distributed upon or with respect to the Investment Property pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Collateral Agent, be delivered to the Collateral Agent to be held by it hereunder as additional collateral security for the Obligations. If any sums of money or property so paid or distributed in respect of the Investment Property shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to the Collateral Agent, hold such money or property in trust for the Lenders, segregated from other funds of such Grantor, as additional collateral security for the Obligations.

(e) Without the prior written consent of the Collateral Agent, such Grantor will not (i) vote to enable, or take any other action to permit, any Issuer to issue any stock or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of any nature of any Issuer, (ii) sell,

assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Investment Property or Proceeds thereof (except pursuant to a transaction expressly permitted by the Credit Agreement), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Collateral Agent to sell, assign or transfer any of the Investment Property or Proceeds thereof.

(f) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Investment Property issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Collateral Agent promptly in writing of the occurrence of any of the events described in this Section 4.8 with respect to the Investment Property issued by it and (iii) the terms of Section 5.3(c) and Section 5.7 shall apply to it, mutatis mutandis with respect to all actions that may be required of it pursuant to Section 5.3(c) or Section 5.7 with respect to the Investment Property issued by it.

4.9 Assignment of Claims Act Notices. At the request of the Collateral Agent, the Grantors shall deliver Notices of Assignment, in form and substance satisfactory to the Collateral Agent, with respect to Government Contracts identified in any Perfection Certificate or any request by the Collateral Agent, duly executed by any Grantor party to such Government Contract in compliance with the Assignment of Claims Act.

4.10 Accounts. (a) Other than in the ordinary course of business consistent with its past practice, such Grantor will not (i) grant any extension of the time of payment of any Account, (ii) compromise or settle any Account for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Account, (iv) allow any credit or discount whatsoever on any Account or (v) amend, supplement or modify any Account in any manner that could adversely affect the value thereof.

(b) Such Grantor will deliver to the Collateral Agent a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of more than 5% of the aggregate amount of the then outstanding Accounts.

4.11 Material Contracts. (a) Such Grantor will perform and comply in all material respects with all its obligations under each Material Contract.

(b) Such Grantor will not amend, modify, terminate or waive any provision of any Material Contract in any manner which could reasonably be expected to materially adversely affect the value of such Material Contract as Collateral.

(c) Such Grantor will, in the ordinary course of business and consistent with prior practice, exercise promptly and diligently each and every material right which it may have under each Material Contract (other than any right of termination).

(d) Such Grantor will deliver to the Collateral Agent a copy of each demand, notice or document received by it relating in any way to any Material Contract that questions the validity or enforceability of such Material Contract.

(e) Upon the request of the Collateral Agent, the Grantors will deliver to the Collateral Agent a status report with respect to all Government Contracts of the Grantors, in form and substance satisfactory to the Collateral Agent.

4.12 Intellectual Property. (a) Such Grantor (either itself or through licensees) will (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, except where the failure to so use would not reasonably be expected to have a Material Adverse Effect, (ii) maintain as in the past the quality of products and services offered under such Trademark, except where the failure to so maintain would not reasonably be expected to have a Material Adverse Effect, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by Applicable Laws, except where the failure to so use would not reasonably be expected to have a Material Adverse Effect, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Collateral Agent, for the ratable benefit of the Lenders, shall obtain a perfected security interest in such mark pursuant to this Agreement; and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way, except where such act would not reasonably be expected to have a Material Adverse Effect.

(b) Such Grantor (either itself or through licensees) will not do any act or omit to do any act, whereby any material Patent may become forfeited, abandoned or dedicated to the public, except where such act would not reasonably be expected to have a Material Adverse Effect.

(c) Such Grantor (either itself or through licensees) (i) will employ each material Copyright, except where the failure to so employ would not reasonably be expected to have a Material Adverse Effect and (ii) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of the Copyrights may become invalidated or otherwise impaired, except where such act would not reasonably be expected to have a Material Adverse Effect. Such Grantor will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain, except where such act would not reasonably be expected to have a Material Adverse Effect.

(d) Such Grantor (either itself or through licensees) will not do any act that knowingly uses any material Intellectual Property to infringe the intellectual property rights of any other Person, except where such act would not reasonably be expected to have a Material Adverse Effect.

(e) Such Grantor will notify the Collateral Agent immediately if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any material Intellectual Property or such Grantor's right to register the same or to own and maintain the same.

(f) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Collateral Agent within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Collateral Agent, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Collateral Agent may request to evidence the Collateral Agent's and the Lenders' security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(g) Such Grantor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the material Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(h) In the event that any material Intellectual Property is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Collateral Agent after it learns thereof and sue for infringement misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

4.13 Inventory. Each Grantor will maintain each item of Equipment in the same condition, repair and working order as when acquired, ordinary wear and tear and immaterial impairment of value and damage by the elements excepted, and in accordance with any manufacturer's manual, and will as quickly as practicable provide all maintenance, service and repairs necessary for such purpose and will promptly furnish to the Collateral Agent a statement respecting any material loss or damage to any of the Equipment.

SECTION 5. REMEDIAL PROVISIONS

5.1 Certain Matters Relating to Accounts. (a) The Collateral Agent shall have the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Collateral Agent may require in connection with such test verifications. At any time and from time to time, upon the Collateral Agent's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Collateral Agent to furnish to the Collateral Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

(b) The Collateral Agent hereby authorizes each Grantor to collect such Grantor's Accounts, under the Collateral Agent's direction and control, and the Collateral Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Collateral Agent at any time after the occurrence and during the continuance of an Event of Default; any payments of Accounts, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Collateral Agent if required, in a collateral account (a "Collateral Account") maintained under the sole dominion and control of the Collateral Agent subject to withdrawal by the Collateral Agent for the account of the Lenders only as provided in Section 5.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Collateral Agent and the Lenders, segregated from other funds of such Grantor. Each such deposit of Proceeds of Accounts shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At the Collateral Agent's request, each Grantor shall deliver to the Collateral Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Accounts, including, without limitation, all original orders, invoices and shipping receipts.

5.2 Communications with Obligors, Grantors Remain Liable. (a) The Collateral Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Accounts and parties to the Material Contracts to verify with them to the Collateral Agent's satisfaction the existence, amount and terms of any Accounts or Material Contracts.

(b) Upon the request of the Collateral Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Accounts and parties to the Material Contracts that the Accounts and the Material Contracts have been assigned to the Collateral Agent for the ratable benefit of the Lenders and that payments in respect thereof shall be made directly to the Collateral Agent.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Accounts and Material Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Neither the Collateral Agent nor any Lender shall have any obligation or liability under any Account (or any agreement giving rise thereto) or Material Contract by reason of or arising out of this Agreement or the receipt by the Collateral Agent or

any Lender of any payment relating thereto, nor shall the Collateral Agent or any Lender be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Account (or any agreement giving rise thereto) or Material Contract to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(d) Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable to perform all of its duties and obligations as a partner or member of the Partnerships/LLCs to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent or any Lender of any of its rights hereunder shall not release such Grantor from any of its duties or obligations as a partner or member of the Partnerships/LLCs, and (c) neither the Collateral Agent nor any Lender shall have any obligation or liability as a partner or member of the Partnerships/LLCs by reason of this Agreement.

5.3 Pledged Stock. (a) Unless an Event of Default shall have occurred and be continuing and the Collateral Agent shall have given notice to the relevant Grantor of the Collateral Agent's intent to exercise its corresponding rights pursuant to Section 5.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Stock and all payments made in respect of the Pledged Notes, in each case paid in the normal course of business of the relevant Issuer and consistent with past practice, to the extent permitted in the Credit Agreement, and to exercise all voting and corporate rights with respect to the Investment Property; provided, however, that no vote shall be cast or corporate right exercised or other action taken which, in the Collateral Agent's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing and the Collateral Agent shall give notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) the Collateral Agent shall have the right to receive any and all cash dividends paid in respect of the Pledged Stock, partnership and membership distributions in respect of the Partnership/LLC Interests or other Proceeds paid in respect of the Investment Property and make application thereof to the Obligations in such order as the Collateral Agent may determine, and (ii) any or all of the Investment Property shall be registered in the name of the Collateral Agent or its nominee, and the Collateral Agent or its nominee may thereafter exercise (A) all voting, corporate and other rights pertaining to such Investment Property at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (B) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any Issuer, or upon the exercise by any Grantor or the Collateral Agent of any right, privilege or option pertaining to such Investment Property, and in connection therewith, the right to deposit and deliver any and all of the Investment Property with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Collateral Agent may determine), all

without liability except to account for property actually received by it; but the Collateral Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Investment Property pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Collateral Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Investment Property directly to the Collateral Agent.

5.4 Proceeds To Be Turned Over To Collateral Agent. In addition to the rights of the Collateral Agent and the Lenders specified in Section 6.1 with respect to payments of Accounts, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Collateral Agent and the Lenders, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Collateral Agent, if required). All Proceeds received by the Collateral Agent hereunder shall be held by the Collateral Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Collateral Agent in a Collateral Account (or by such Grantor in trust for the Collateral Agent and the Lenders) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 5.5.

5.5 Application of Proceeds. In accordance with Section 5.5 of the Credit Agreement, if an Event of Default shall have occurred and be continuing, at any time at the Collateral Agent's election, the Collateral Agent may apply all or any part of Proceeds held in any Collateral Account in payment of the Obligations in such order as the Collateral Agent may elect, and any part of such funds which the Collateral Agent elects not so to apply and deems not required as collateral security for the Obligations shall be paid over from time to time by the Collateral Agent to the Borrowers or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Obligations shall have been paid in full, no Letters of Credit shall be outstanding and the Commitments shall have terminated shall be paid over to the Borrowers or to whomsoever may be lawfully entitled to receive the same.

5.6 Code and Other Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent, on behalf of the Lenders, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by-law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize

upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Collateral Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Collateral Agent's request, to assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Collateral Agent shall apply the net proceeds of any action taken by it pursuant to this Section 5.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Collateral Agent and the Lenders hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Collateral Agent may elect, and only after such application and after the payment by the Collateral Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(l)(c) of the UCC, need the Collateral Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Collateral Agent or any Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

5.7 Registration Rights. (a) Each Grantor recognizes that the Collateral Agent may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Collateral Agent shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(b) Each Grantor agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 5.7 valid and binding and in compliance with any and all other Applicable Laws. Each Grantor further agrees that a breach of any of the covenants contained in this Section 5.7 will cause irreparable injury to the Collateral Agent and the Lenders, that the

Collateral Agent and the Lenders have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 5.7 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under the Credit Agreement.

5.8 Waiver, Deficiency. Each Grantor waives and agrees not to assert any rights or privileges which it may acquire under Section 9-112 of the UCC. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the fees and disbursements of any attorneys employed by the Collateral Agent or any Lender to collect such deficiency.

SECTION 6. THE COLLATERAL AGENT

6.1 Collateral Agent's Appointment as Attorney-in-Fact, etc. (a) Each Grantor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Collateral Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account or Material Contract or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any Account or Material Contract or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Collateral Agent may request to evidence the Collateral Agent's and the Lenders' security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof,

(iv) execute, in connection with any sale provided for in Section 5.6 or Section 5.7, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Collateral Agent may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Collateral Agent shall in its sole discretion determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and do, at the Collateral Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's and the Lenders' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 6.1(a) to the contrary notwithstanding, the Collateral Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 6.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Collateral Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Collateral Agent incurred in connection with actions undertaken as provided in this Section 6.1, together with interest thereon at a rate per annum equal to the highest rate per annum at which interest would then be payable on any category of past due ABR Loans under the Credit Agreement, from the date of payment by the Collateral Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Collateral Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are

coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

6.2 Duty of Collateral Agent. The Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. Neither the Collateral Agent, any Lender nor any of their respective officers, directors, employees or Collateral Agent shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Collateral Agent and the Lenders hereunder are solely to protect the Collateral Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon the Collateral Agent or any Lender to exercise any such powers. The Collateral Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or Collateral Agent shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

6.3 Execution of Financing Statements. Pursuant to Section 9-402 of the UCC and any other applicable law, each Grantor authorizes the Collateral Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Collateral Agent determines appropriate to perfect the security interests of the Collateral Agent under this Agreement. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

6.4 Authority of Collateral Agent. Each Grantor acknowledges that the rights and responsibilities of the Collateral Agent under this Agreement with respect to any action taken by the Collateral Agent or the exercise or non-exercise by the Collateral Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Collateral Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Collateral Agent and the Grantors, the Collateral Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement to make any inquiry respecting such authority.

SECTION 7. MISCELLANEOUS

7.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 14.11 of the Credit Agreement.

7.2 Notices. All notices, requests and demands to or upon the Collateral Agent or any Grantor hereunder shall be effected in the manner provided for in Section 14.1 of the Credit Agreement.

7.3 Control Agreement; Acknowledgement by Issuers. (a) The Grantors hereby authorize and instruct each Issuer and Partnership/LLC to comply, and, to the extent party hereto, each Issuer and Partnership/LLC hereby agrees to so comply, with any instruction received thereby from the Collateral Agent in accordance with the terms of this Agreement with respect to the Collateral, without any consent or further instructions from such Grantor (or other registered owner), and such Grantor agrees that such Issuer and Partnership/LLC shall be fully protected in so complying. Each Issuer and Partnership/LLC agrees that its agreement set forth in the preceding sentence shall be sufficient to create in favor of the Collateral Agent, for the benefit of the Lenders, "control" of the Partnership/LLC Interests within the meaning of such term under Section 8-106(c) of the UCC. (Notwithstanding the foregoing, nothing in this Agreement is intended or shall be construed to mean or imply that the Partnership/LLC Interests constitute "securities" within the meaning of such term under Section 8-102(a)(15) of the UCC or otherwise to limit or modify the application of Section 8-103(c) of the UCC. Rather, the Collateral Agent has requested that this provision be included in this Agreement solely out of an abundance of caution in the event the Interests are, nevertheless, deemed to constitute "securities" under the UCC.)

(b) Each Issuer and Partnership/LLC acknowledges receipt of a copy of this Agreement and agrees to be bound thereby and to comply with the terms thereof insofar as such terms are applicable to it. Each Issuer and Partnership/LLC agrees to notify the Collateral Agent promptly in writing of the occurrence of any of the events described in Section 4.8(d). Each Issuer and Partnership/LLC further agrees that the terms of Section 5.6 shall apply to it with respect to all actions that may be required of it under or pursuant to or arising out of Section 5.6.

7.4 No Waiver by Course of Conduct; Cumulative Remedies. Neither the Collateral Agent nor any Lender shall by any act (except by a written instrument pursuant to Section 7.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Collateral Agent or such Lender would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

7.5 Enforcement Expenses, Indemnification. (a) Each Grantor agrees to pay or reimburse the Collateral Agent for all costs and expenses incurred in enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Grantor is a party, including, without limitation, the reasonable fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to the Collateral Agent.

(b) Each Grantor agrees to pay, and to save the Collateral Agent and the Lenders harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Grantor agrees to pay, and to save the Collateral Agent and the Lenders harmless from any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrowers would be required to do so pursuant to Section 14.2 of the Credit Agreement.

(d) The agreements in this Section 7.5 shall survive repayment of the Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents.

7.6 Binding Arbitration; Waiver of Jury Trial.

(a) Binding Arbitration. Upon demand of any party, whether made before or after institution of any judicial proceeding, any dispute, claim or controversy arising out of, connected with or relating to this Agreement (“Disputes”), between or among parties to this Agreement shall be resolved by binding arbitration as provided herein. Institution of a judicial proceeding by a party does not waive the right of that party to demand arbitration hereunder. Disputes may include, without limitation, tort claims, counterclaims, claims brought as class actions, claims arising from Loan Documents executed in the future, or claims concerning any aspect of the past, present or future relationships arising out of or connected with this Agreement. Arbitration shall be conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the “Arbitration Rules”) of the American Arbitration Association and Title 9 of the U.S. Code. All arbitration hearings shall be conducted in Charlotte, North Carolina. The expedited procedures set forth in Rule 51, et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000. All applicable statutes of limitation shall apply to any Dispute. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding anything foregoing to the contrary, any arbitration proceeding demanded hereunder shall begin within ninety (90) days after such demand thereof and shall be concluded within one-hundred and twenty (120) days after such demand. These time limitations may not be extended unless a party hereto shows cause for extension and then such extension shall not exceed a total of sixty (60) days. The panel from which all arbitrators are selected shall be comprised of licensed attorneys. The single arbitrator selected for expedited procedure shall be a retired judge from the highest court of general jurisdiction, state or federal, of the state where the hearing will be conducted. The parties hereto do not waive any applicable Federal or state substantive law except as provided herein.

(b) Jury Trial. **EACH GRANTOR HEREBY ACKNOWLEDGE THAT BY AGREEING TO BINDING ARBITRATION THEY HAVE IRREVOCABLY WAIVED THEIR RESPECTIVE RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY ACTION, CLAIM OR OTHER PROCEEDING ARISING OUT OF ANY DISPUTE IN**

**CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS
HEREUNDER, OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS.**

7.7 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Collateral Agent and the Lenders and their successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Collateral Agent.

7.8 Set-Off. Each Grantor hereby irrevocably authorizes the Collateral Agent and each Lender at any time and from time to time pursuant to Section 14.3 of the Credit Agreement, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Collateral Agent or such Lender to or for the credit or the account of such Grantor, or any part thereof in such amounts as the Collateral Agent or such Lender may elect, against and on account of the obligations and liabilities of such Grantor to the Collateral Agent or such Lender hereunder and claims of every nature and description of the Collateral Agent or such Lender against such Grantor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Document or otherwise, as the Collateral Agent or such Lender may elect, whether or not the Collateral Agent or any Lender has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Collateral Agent and each Lender shall notify such Grantor promptly of any such set-off and the application made by the Collateral Agent or such Lender of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Collateral Agent and each Lender under this Section 7.8 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Collateral Agent or such Lender may have.

7.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

7.10 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.11 Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

7.12 Integration. This Agreement and the other Loan Documents represent the agreement of the Grantors, the Collateral Agent and the Lenders with respect to the subject

matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Collateral Agent or any Lender relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

7.13 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

7.14 Submission To Jurisdiction, Waivers. Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York and the State of North Carolina, the courts of the United States of America for the Southern District of New York and the Western District of North Carolina, and appellate courts from any thereof,

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address referred to in Section 7.2 or at such other address of which the Collateral Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 7.14 any special, exemplary, punitive or consequential damages.

7.15 Acknowledgements. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) neither the Collateral Agent nor any Lender has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand,

and the Collateral Agent and Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Grantors and the Lenders.

7.16 Additional Grantors. Each Subsidiary of the Borrowers that is required to become a party to this Agreement pursuant to Section 9.12 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex I hereto.

7.17 Releases. (a) At such time as the Loans, the Reimbursement Obligations and the other Obligations shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Collateral Agent and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Collateral Agent shall deliver to such Grantor any Collateral held by the Collateral Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement, then the Collateral Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral.

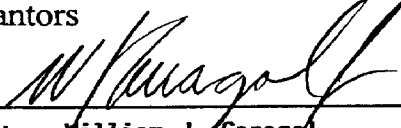
[Signature Pages to Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Collateral Agreement to be duly executed and delivered as of the date first above written.

GRANTORS:

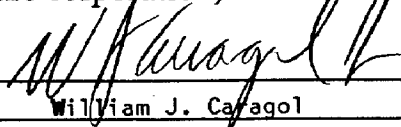
CONDOR TECHNOLOGY SOLUTIONS, INC., a Delaware corporation, COMPUTER HARDWARE MAINTENANCE COMPANY, INC., a Pennsylvania corporation, CORPORATE ACCESS, INC., a Massachusetts corporation, DECISION SUPPORT TECHNOLOGY, INC., a Delaware corporation, FEDERAL COMPUTER CORPORATION, a Virginia corporation, GLOBAL CORE STRATEGIES ACQUISITION, INC., a Delaware corporation, INTERACTIVE SOFTWARE SYSTEMS INCORPORATED, a Colorado corporation, INVENTURE GROUP, INC., LINC SYSTEMS CORPORATION, a Pennsylvania corporation, LOUDEN ASSOCIATES, INC., a Maryland corporation, MANAGEMENT SUPPORT TECHNOLOGY CORP., a Delaware corporation, MIS TECHNOLOGIES, INC., an Oklahoma corporation, POWERCREW, INC., a Pennsylvania corporation, TITAN TECHNOLOGIES GROUP L.L.C., a New Jersey limited liability company, and U.S. COMMUNICATIONS, INC., a Maryland corporation, as Grantors

[CORPORATE SEAL]

By: 
Name: William J. Caragol
Title: Vice President

CONDOR SYSTEM SOLUTIONS, INC., a Delaware corporation, as Grantor

[CORPORATE SEAL]

By: 
Name: William J. Caragol
Title: President

[Signature Pages Continue]

[Collateral Agreement]

IN WITNESS WHEREOF, each of the undersigned has caused this Collateral Agreement to be duly executed and delivered as of the date first above written.

GRANTORS:

CONDOR TECHNOLOGY SOLUTIONS, INC., a Delaware corporation, COMPUTER HARDWARE MAINTENANCE COMPANY, INC., a Pennsylvania corporation, CORPORATE ACCESS, INC., a Massachusetts corporation, DECISION SUPPORT TECHNOLOGY, INC., a Delaware corporation, FEDERAL COMPUTER CORPORATION, a Virginia corporation, GLOBAL CORE STRATEGIES ACQUISITION, INC., a Delaware corporation, INTERACTIVE SOFTWARE SYSTEMS INCORPORATED, a Colorado corporation, INVENTURE GROUP, INC., LINC SYSTEMS CORPORATION, a Pennsylvania corporation, LOUDEN ASSOCIATES, INC., a Maryland corporation, MANAGEMENT SUPPORT TECHNOLOGY CORP., a Delaware corporation, MIS TECHNOLOGIES, INC., an Oklahoma corporation, POWERCREW, INC., a Pennsylvania corporation, TITAN TECHNOLOGIES GROUP L.L.C., a New Jersey limited liability company, and U.S. COMMUNICATIONS, INC., a Maryland corporation, as Grantors

[CORPORATE SEAL]

By: _____
Name: _____
Title: _____

CONDOR SYSTEM SOLUTIONS, INC., a Delaware corporation, as Grantor

[CORPORATE SEAL]

By: _____
Name: _____
Title: _____

SECURED PARTY

FIRST UNION NATIONAL BANK,
as Collateral Agent

By: Richard M Schmersal
Name: Richard M Schmersal
Title: Vice President

[Collateral Agreement]

Exhibit A

(c) The following are all the locations not identified above where the Grantors maintain any Inventory or Equipment:

3. Unusual Transactions. Other than as set forth below, all Accounts have been originated by the Grantors and all Inventory and Equipment have been acquired by the Grantors in the ordinary course of business.

4. Material Contracts. The contracts and agreements set forth below are identified as "Material Contracts" under the Collateral Agreement. Except as specifically disclosed herein, neither the United States of America nor any agency, department or instrumentality of the United States or any state governmental authority in the United States is a party to any of the Material Contracts.

5. Reliance. The undersigned acknowledges that the Collateral Agent and the Lenders are entitled to rely and have, in fact, relied on the information contained herein, and any successor or assign of the Collateral Agent or the Lenders is entitled to rely on the information contained therein.

IN WITNESS WHEREOF, the undersigned have executed this Perfection Certificate, this ____ day of _____, ____.

CONDOR TECHNOLOGY SOLUTIONS, INC.

By: _____
Name: _____
Title: _____

[Other Grantors]

By: _____
Name: _____
Title: _____

1657468.04
LIB: CH

Form of Notice of Assignment

NOTICE OF ASSIGNMENT

TO: _____

This has reference to Contract No. _____, dated _____, entered into between [GRANTOR], a _____ corporation, [contractor's name and address], and, _____

[government agency, name of office, and address], for _____

[describe nature of the contract].

Moneys due or to become due under the contract described above have been assigned to the undersigned under the provisions of the Assignment of Claims Act of 1940, as amended, 31 U.S.C. 3727, 41 U.S.C. 15.

A true copy of the instrument of assignment, executed by the Contractor on _____ [date], is attached to the original notice.

Payments due or to become due under this contract should be made to the undersigned assignee.

Please return to the undersigned the three enclosed copies of this notice with appropriate notations showing the date and hour of receipt; and signed by the person acknowledging receipt on behalf of the addressee.

Very truly yours,

ASSIGNEE:

FIRST UNION NATIONAL BANK,
as Collateral Agent

By: _____
[Signature of Signing Officer]

Title: _____
[Title of Signing Officer]

CONTRACTOR:

[GRANTOR], a _____ corporation

By: _____
[Signature of Contractor]

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ACKNOWLEDGMENT

Receipt is acknowledged of the above notice and of a copy of the instrument of assignment. They were received at _____ (a.m.) (p.m.) on _____, 19____.

[Signature]

[Title]

On behalf of

[Name of Addressee of this Notice]

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CONFIRMATORY ASSIGNMENT

This Assignment, dated as of _____, _____, is by [GRANTOR], a _____ corporation (the "Assignor") in favor of First Union National Bank, as Collateral Agent (the "Collateral Agent").

WHEREAS, the Assignor is party to Contract No. _____ dated _____, between the Assignor and _____ (the "Contract");

WHEREAS, the Assignor and the Collateral Agent have entered into a certain Collateral Agreement dated as of April 16, 1999 (the "Collateral Agreement") pursuant to which the Assignor executed that certain Assignment dated as of _____, _____ (the "Prior Assignment") and assigned all monies due or to become due under all of its government contracts to the Collateral Agent. This Confirmatory Assignment replaces and supercedes the Prior Assignment and the Assignor hereby assigns to the Collateral Agent all money due or to become due under the Contract.

NOW, THEREFORE, the Assignor hereby confirms, acknowledges and agrees that, pursuant to and subject to the terms of the Collateral Agreement, the Assignor hereby assigns and transfers to the Collateral Agent all moneys due or to become due under the Contract.

EXECUTED as of the date first above written.

ATTEST:

[GRANTOR]

By: _____
Name: _____
Title: _____

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Schedule 1
To Collateral Agreement

NOTICE ADDRESSES OF GRANTORS

For all Grantors:

c/o Condor Technology Solutions, Inc.
Attn: William J. Caragol
170 Jennifer Road
Suite 325
Annapolis, Maryland 21401

Schedule 2
To Collateral Agreement

DESCRIPTION OF INVESTMENT PROPERTY

Pledged Stock:

<u>Issuer</u>	<u>Class of Stock</u>	<u>Stock Certificate No.</u>	<u>No. of Shares</u>
Aberdeen Group, Inc.	Series A		
	Convertible Preferred	18	68,965
Condor System Solutions, Inc.	Common	1	1,000
Computer Hardware Maintenance Company, Inc.	Common	12	10
Corporate Access, Inc.	Common	10	10
Decision Support Technology, Inc.	Common	11	51,550
Federal Computer Corporation	Common	32	10
Global Core Strategies Acquisition, Inc.	Common	2	1,000
InVenture Group, Inc.	Common	4	10
Interactive Software Systems Incorporated	Common	CS-002	10
LINC Systems Corporation	Common	108	4,891,304
Louden Associates, Inc.	Common	9	600
MIS Technologies, Inc.	Common	4	10
Management Support Technology Corp.	Common	S-1	10
PowerCrew, Inc.	Common	4	200
U.S. Communications, Inc.	Common	S-1	10
Computer Maintenance International	Common		100
Federal Management Group Corporation	Common		100
Transition Technologies, Inc.			

Pledged Notes:

<u>Issuer</u>	<u>Payee</u>	<u>Principal Amount</u>
Computer Maintenance International	Condor System Solutions, Inc.	\$2,000,000.00
Federal Management Group Corporation	Condor System Solutions, Inc.	\$2,000,000.00
Justice Technology Partners	Condor System Solutions, Inc.	\$2,000,000.00
Transition Technologies, Inc.	Condor System Solutions, Inc.	\$2,000,000.00

Partnerships/LLC:

<u>Name of Entity</u>	<u>Type of Entity</u>	<u>Type of Ownership</u>	<u>% Ownership</u>
Dimensional Systems, LLC	LLC		48%*by DST
Titan Technologies Group, L.L.C.	LLC		100% by Condor
Justice Technology Partners	partnership		100% by FCC

*Pursuant to the Purchase Agreement dated February 15, 1999, at any time during July or August 1999, DST has the option to elect to purchase the remaining 52% of the ownership interests.

Schedule 3
To Collateral Agreement

COPYRIGHTS AND COPYRIGHT LICENSES

The following copyright registration has been issued to Interactive Software Systems Incorporated:

<u>Title of Work</u>	<u>Registration No.</u>
Conference Application Planning System	TX4-537-826

The following copyright registrations have been issued to InVenture Group, Inc.:

<u>Title of Work</u>	<u>Registration No.</u>
Customized-Development and Planning Tool – (C-DAPT)	TX4639-561
Leading for Employee Empowerment (LEE)	TX4586-480
Leading for Performance Improvement	TX4488-147

PATENTS AND PATENT LICENSES

None.

TRADEMARKS AND TRADEMARK LICENSES

The following trademark registrations have been issued to Interactive Software Systems Incorporated:

<u>Mark</u>	<u>Serial No.</u>
VISUALRPW	1,951,475 (Federal)
UMDS – THE USER DATA MANAGEMENT SYSTEM	931,075,131 (State)
VISUALRPW	941,002,677 (State)

The following Service mark registrations have been issued to InVenture Group, Inc.:

<u>Mark</u>	<u>Serial No.</u>
TDR – Training & Development Resources	1,763,363
TDR [®]	1,763,362

The following trademark registration has been issued to Titan Technologies Group, LLC:

<u>Mark</u>	<u>Serial No.</u>
Titan	75/461,029

Exhibit C

ASSUMPTION AGREEMENT, dated as of _____, 199__, made by _____, a _____ corporation (the "Additional Grantor"), in favor of FIRST UNION NATIONAL BANK, a national banking association, as Collateral Agent (the "Collateral Agent"), for the ratable benefit of the financial institutions (the "Lenders") from time to time parties to the Credit Agreement (as hereinafter defined). All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H:

WHEREAS, Condor Technology Solutions, Inc. (the "Company"), certain Subsidiaries thereof (collectively with the Company, the "Borrowers"), the Lenders and the Collateral Agent and the Administrative Agent have entered into a Credit Agreement, dated as of April 16, 1999 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Borrowers (other than the Additional Grantor) have entered into the Collateral Agreement, dated as of April 16, 1999 (as amended, restated, supplemented or otherwise modified from time to time, the "Collateral Agreement") in favor of the Collateral Agent for the benefit of the Lenders;

WHEREAS, pursuant to Section 9.12 of the Credit Agreement, the Additional Grantor is required to become a party to the Collateral Agreement; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Collateral Agreement;

NOW, THEREFORE, IT IS AGREED:

1. Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 9.12 of the Collateral Agreement, hereby becomes a party to the Collateral Agreement as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder. The information set forth in Annex 1-A hereto is hereby added to the information set forth in the Schedules to the Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 3 of the Collateral Agreement is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

2. Attached hereto is a Perfection Certificate in the form of the Perfection Certificate delivered to the Collateral Agent on the Closing Date.

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3. The Additional Grantor hereby acknowledges it has received a copy of the Collateral Agreement and that it has read and understands the terms thereof.

4. The Additional Grantor hereby agrees that it shall deliver to the Collateral Agent such UCC-1 financing statements, stock certificates, stock powers and all other certificates or other documents and take such action as the Collateral Agent shall reasonably request in order to effectuate the terms hereof and the Collateral Agreement.

5. Governing Law. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: _____

Name:

Title:

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LIB: CH

TRADEMARK
REEL: 001954 FRAME: 0413

Annex 1-A to
Assumption Agreement

Supplement to Schedule 1

Supplement to Schedule 2

Supplement to Schedule 3

Supplement to Schedule 4

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LIB: CH

TRADEMARK
REEL: 001954 FRAME: 0414

ACKNOWLEDGEMENT AND CONSENT

The undersigned hereby acknowledges receipt of a copy of the Collateral Agreement dated as of April 16, 1999 (the "Agreement"), made by the Grantors parties thereto in favor of FIRST UNION NATIONAL BANK, a national banking association, as Collateral Agent (the "Collateral Agent"), for the ratable benefit of the financial institutions (the "Lenders") from time to time parties to the Credit Agreement (as defined in the Agreement). The undersigned agrees for the benefit of the Collateral Agent and the Lenders as follows:

1. The undersigned will be bound by the terms of the Agreement and will comply with such terms insofar as such terms are applicable to the undersigned.
2. The undersigned will notify the Collateral Agent promptly in writing of the occurrence of any of the events described in Section 4.8(a) of the Agreement.
3. The terms of Sections 5.3(c) and 5.7 of the Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 5.3(c) or 5.7 of the Agreement.

[NAME OF ISSUER]

By: _____
Name:
Title:

Address for Notices:

Fax:

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LIB: CH

OFFICER'S CERTIFICATE

The undersigned, on behalf of CONDOR TECHNOLOGY SOLUTIONS, INC., a corporation organized under the laws of the state of Delaware (the "Company"), and on behalf of each of the other Borrowers party to the Credit Agreement referred to below (collectively, including the Company, the "Borrowers"), hereby certifies to FIRST UNION NATIONAL BANK, a national banking association, as Administrative Agent (the "Administrative Agent"), and to the Lenders referred to below (the "Lenders"):

1. This Certificate is given pursuant to Section 6.2(b)(i) of the Credit Agreement of even date herewith (as amended, restated, supplemented or otherwise modified, the "Credit Agreement") by and among the Borrowers, the Lenders party thereto, and the Administrative Agent. The undersigned acknowledge that (a) in entering into the Credit Agreement, the Administrative Agent and the Lenders are entitled to rely and have in fact, relied upon the information contained herein and (b) any successor or assign of the Administrative Agent and the Lenders is entitled to rely upon the information contained herein. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement.

2. Each of the representations and warranties of each of the Borrowers contained in the Credit Agreement and the other Loan Documents is true, correct and complete in all material respects as of the date hereof.

3. No Borrower is in violation of any of the covenants contained in the Credit Agreement and the other Loan Documents.

4. After giving effect to the transactions contemplated by the Credit Agreement, no Default or Event of Default has occurred and is continuing.

5. Each of the closing conditions applicable or otherwise relating to each of the Borrowers as set forth in Article VI of the Credit Agreement has been satisfied as of the date hereof.

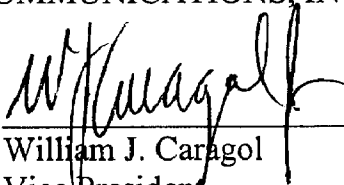
[Signature Page Follows]

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LIB: CH

WITNESS the following signatures of the 16th day of April, 1999.

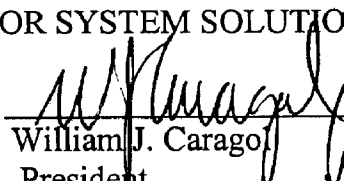
CONDOR TECHNOLOGY SOLUTIONS, INC.,
COMPUTER HARDWARE MAINTENANCE COMPANY, INC.,
CORPORATE ACCESS, INC.,
DECISION SUPPORT TECHNOLOGY, INC.,
FEDERAL COMPUTER CORPORATION,
GLOBAL CORE STRATEGIES ACQUISITION, INC.,
INTERACTIVE SOFTWARE SYSTEMS INCORPORATED,
INVENTURE GROUP, INC.,
LINC SYSTEMS CORPORATION,
LOUDEN ASSOCIATES, INC.,
MANAGEMENT SUPPORT TECHNOLOGY CORP.,
MIS TECHNOLOGIES, INC.,
POWERCREW, INC.,
TITAN TECHNOLOGIES GROUP, L.L.C. (NJ), and
U.S. COMMUNICATIONS, INC.

[CORPORATE SEAL]

By: 
Name: William J. Caragol
Title: Vice President

CONDOR SYSTEM SOLUTIONS, INC.

[CORPORATE SEAL]

By: 
Name: William J. Caragol
Title: President

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LIB: CH