

05-09-2000



FORM PTO-1618A  
Expires 06/30/99  
OMB 0651-0027

101351272

U.S. Department of Commerce  
Patent and Trademark Office  
TRADEMARK

*MRD*  
*4-17-00*

### 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

- 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  Pledge and Security Agreement
- Effective Date  
Month Day Year  
\_\_\_\_\_

#### Conveying Party

Mark if additional names of conveying parties attached

Name Allegiance Telecom, Inc.

Execution Date  
Month Day Year  
02/15/00

Formerly \_\_\_\_\_

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other \_\_\_\_\_
- Citizenship/State of Incorporation/Organization Delaware

#### Receiving Party

Mark if additional names of receiving parties attached

Name Toronto Dominion (Texas), Inc.

DBA/AKA/TA \_\_\_\_\_

Composed of \_\_\_\_\_

Address (line 1) 909 Fannin, Suite 1700

Address (line 2) \_\_\_\_\_

Address (line 3) Houston

City

Texas

State/Country

77010

Zip Code

- Individual  General Partnership  Limited Partnership  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.)
- Corporation  Association
- Other \_\_\_\_\_
- Citizenship/State of Incorporation/Organization Delaware

05/09/2000 DMGUYEN 00000159 192385 75354387

FOR OFFICE USE ONLY

01 FC:401  
02 FC:402

40.00 CH  
75.00 CH

*Fee OK*

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK  
REEL: 002068 FRAME: 0337

**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).

**Trademark Application Number(s)**

**Registration Number(s)**

<input type="text" value="75/354,387"/>	<input type="text" value="75/354,388"/>	<input type="text" value="75/488,245"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="75/434,707"/>	<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"/>	<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.

Name of Person Signing Signature Date Signed

## PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT, dated as of February 15, 2000 (this "Agreement"), among ALLEGIANCE TELECOM, INC., a Delaware company ("Company Grantor") and EACH OF THE UNDERSIGNED, whether as an original signatory hereto or as an Additional Grantor (as herein defined) (each, a "Subsidiary Grantor", and collectively with Company Grantor, the "Grantors"), and Toronto Dominion (Texas), Inc., as agent (in such capacity, "Secured Party") for Lenders and Lender Counterparties.

### RECITALS:

WHEREAS, each Grantor is a party to the Credit and Guaranty Agreement, of even date herewith (as it may be from time to time amended, supplemented or otherwise modified, the "Credit Agreement"; the capitalized terms defined therein and not otherwise defined herein being used herein as therein defined), by and among Company Grantor, Allegiance Telecom Company Worldwide ("Borrower"), the Subsidiaries of Company Grantor (other than Borrower) party thereto, as Guarantors, Lenders, Goldman Sachs Credit Partners L.P. ("GSCP"), as Syndication Agent and Sole Lead Arranger, Toronto Dominion (Texas), Inc., as Administrative Agent and BankBoston, N.A. and Morgan Stanley Senior Funding, Inc., as Co-Documentation Agents;

WHEREAS, subject to the terms and conditions of the Credit Agreement, Company Grantor or any of its Subsidiaries may enter into one or more Hedge Agreements with one or more Lender Counterparties; and

WHEREAS, in consideration of the extensions of credit and other accommodations of Lenders and Lender Counterparties as set forth in the Credit Agreement and the Hedge Agreements, respectively, each Grantor has agreed, subject to the terms and conditions hereof and of each other Credit Document and each of the Hedge Agreements to which each is a party thereto, to secure such obligations as are set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, each Grantor and Secured Party agree as follows:

### SECTION 1A. GRANT OF SECURITY BY COMPANY GRANTOR

Company Grantor hereby grants to Secured Party a security interest in all of such Grantor's right, title and interest in and to all right, title and interest of such Grantor, whether now owned or hereafter acquired, in all shares of capital stock of Borrower owned by such Grantor, including without limitation, all shares of capital stock described on Schedule 1(a), and the certificates representing such shares and any interest of such Grantor in the entries on the books of any securities intermediary pertaining to such shares, and all dividends, cash, warrants, rights, instruments and

other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares (all of the foregoing being referred to herein collectively as the "*Company Pledged Stock*").

## SECTION 1. GRANT OF SECURITY BY SUBSIDIARY GRANTORS

Each Subsidiary Grantor hereby grants to Secured Party a security interest in all of such Grantor's right, title and interest in and to the following, in each case whether now or hereafter existing or in which such Grantor now has or hereafter acquires an interest and wherever the same may be located (collectively with the Company Pledged Stock, the "*Collateral*"):

(a) all "*Investment Property*", which term means:

(i) all shares of capital stock owned by such Grantor, including without limitation, all shares of capital stock described on Schedule 1(a), and the certificates representing such shares and any interest of such Grantor in the entries on the books of any securities intermediary pertaining to such shares, and all dividends, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares (all of the foregoing, together with the Company Pledged Stock, being referred to herein collectively as the "*Pledged Stock*"); provided, only the outstanding capital stock of a controlled foreign corporation possessing up to but not exceeding 65% of the voting power of all classes of capital stock of such controlled foreign corporation entitled to vote shall be deemed to be pledged hereunder; provided further, that an Unrestricted Subsidiary shall not be required to pledge any shares of capital stock owned by such Unrestricted Subsidiary in any of its subsidiaries:

(ii) all Indebtedness owed to such Grantor, including, without limitation, all Indebtedness described on Schedule 1(a), issued by the obligors named therein, the instruments evidencing such Indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness (all of the foregoing being referred to herein collectively as the "*Pledged Debt*");

(iii) all interests as a limited and/or general partner in all partnerships, including, without limitation, the partnerships described on Schedule 1(a) (the "*Partnerships*"), whether now owned or hereafter acquired, including, without limitation, all of such Grantor's right, title and interest in, to and under the partnership agreements described on Schedule 1(a) (as such agreements have heretofore been and may hereafter be amended, restated, supplemented or otherwise modified from time to time, collectively, the "*Partnership Agreements*") to which it is a party (including, if such Grantor is a general partner of any Partnership, the right to vote with respect to and to manage and administer

the business of such Partnership) together with all other rights, interests, claims and other property of such Grantor in any manner arising out of or relating to its limited and/or general partnership interest in the Partnerships, whatever their respective kind or character, whether they are tangible or intangible property, and wheresoever they may exist or be located, and further including, without limitation, (1) all of the rights of such Grantor as a limited and/or general partner: (A) (I) to receive money due and to become due (including without limitation dividends, distributions, interest, income from partnership properties and operations, proceeds of sale of partnership assets and returns of capital) under or pursuant to the Partnership Agreements, (II) to receive payments upon termination of the Partnership Agreements, and (III) to receive any other payments or distributions, whether cash or noncash, in respect of such Grantor's limited and/or general partnership interest evidenced by the Partnership Agreements; (B) in and with respect to claims and causes of action rising out of or relating to the Partnerships; and (C) to have the access to the Partnerships' books and records and to other information concerning or affecting the Partnerships; and (2) any "*certificate of interest*" or "*certificates of interest*" (or other certificates or instruments however designated or titled) issued by the Partnerships and evidencing such Grantor's interest as a limited and/or general partner in the Partnerships (collectively, the "*Certificates*" and any interest of such Grantor in the entries on the books of any securities intermediary pertaining to such Grantor's interest as a limited and/or general partner in the Partnership (all of the foregoing being referred to herein collectively as the "*Partnership Interests*")); provided however, that an Unrestricted Subsidiary shall not be required to pledge any Partnership Interests owned by such Unrestricted Subsidiary in any of its subsidiaries;

(iv) all interests as a member of all limited liability companies (the "*LLCs*"), including, without limitation, all of such Grantor's right, title and interest in, to and under the limited liability company interests set forth on Schedule 1(a), whether now owned or hereafter acquired, including, without limitation, all of such Grantor's right, title and interest in, to and under the operating agreements with respect to any such LLC (as such agreements have heretofore been and may hereafter be amended, restated, supplemented or otherwise modified from time to time, collectively, each, an "*LLC Agreement*") to which it is a party, regardless of whether such right, title and interest arises under such LLC Agreement, including (1) all rights of such Grantor to receive distributions of any kind, in cash or otherwise, due or to become due under or pursuant to each such LLC Agreement or otherwise in respect of such Person, (2) all rights of such Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to each such Person, (3) all claims of such Grantor for damages arising out of, or for the breach of, or for a default under, each such LLC Agreement, (4) any certificated or uncertificated security evidencing any of the foregoing issued by such Person to such Grantor and (5) to the extent not included in the foregoing, all proceeds of any and all of the foregoing (all of the foregoing being referred to herein collectively as the "*LLC Interests*"); provided however, that an Unrestricted Subsidiary shall not be required to pledge any LLC Interests owned by such

Unrestricted Subsidiary in any of its subsidiaries; the Pledged Stock, the Pledged Debt, the Partnership Interests and the LLC Interests being herein collectively referred to as the "*Pledged Securities*";

(v) all additional shares of, limited and/or general partnership interests in and limited liability company interests in, and all securities convertible into and warrants, options and other rights to purchase or otherwise acquire, stock of any issuer of the Pledged Stock, limited and/or general partnership interests in the Partnerships, and limited liability company interests in the LLCs, from time to time acquired by such Grantor in any manner (which shares or interests shall be deemed to be part of the Pledged Securities), the certificates or other instruments representing such additional shares or interests, securities, warrants, options or other rights and any interest of such Grantor in the entries on the books of any financial intermediary pertaining to such additional shares or interests, and all additional indebtedness from time to time owed to such Grantor by any obligor on the Pledged Debt and the instruments evidencing such indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness; (all of the foregoing being referred to herein collectively as the "*Additional Pledged Securities*"), and all dividends, distributions, cash, warrants, rights, instruments, payments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Additional Securities;

(vi) all shares of, limited and/or general partnership interests in, and limited liability company interests in, and all securities convertible into and warrants, options and other rights to purchase or otherwise acquire, stock of, limited and/or general partnership interests in, or limited liability company interests in any Person that, after the date of this Agreement, becomes, as a result of any occurrence, a direct Subsidiary of such Grantor (which shares or interests shall be deemed to be part of the Pledged Securities), the certificates or other instruments representing such shares, interests, securities, warrants, options or other rights and any interest of such Grantor in the entries on the books of any financial intermediary pertaining to such shares or interests and all dividends, distributions, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares, interests, securities, warrants, options or other rights, and all Indebtedness from time to time owed to such Grantor by any Person that, after the date of this Agreement, becomes, as a result of any occurrence, a Subsidiary of such Grantor, and the instruments evidencing such Indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness; and

(vi) all other "investment property" as defined in the Uniform Commercial Code as in effect from time to time in the State of New York (the "*UCC*"), including without limitation,

all securities entitlements, securities accounts, commodity contracts and commodity accounts, and all deposit accounts, trust accounts and all interest, cash, instruments, securities and other property held therein.

(b) all interest, cash, instruments, securities and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing;

(c) all "*Intellectual Property*", which term means:

(i) all trademarks, service marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, Internet domain names, trade addresses, trade styles and/or other source and/or business identifiers and applications pertaining thereto, owned or used by such Grantor in its business, or hereafter adopted and used, including, without limitation, the Trademarks specifically identified in Schedule 1(c) (all of the foregoing being referred to herein collectively as the "*Trademarks*"), all registrations that have been or may hereafter be issued or applied for thereon in the United States and any state thereof and in all foreign countries, including, without limitation, the registrations specifically identified in Schedule 1(c) (all of the foregoing being referred to herein collectively as the "*Trademark Registrations*"), all common law and other rights (but in no event any of the obligations) in and to the Trademarks in the United States and any state thereof and in all foreign countries (all of the foregoing being referred to herein collectively as the "*Trademark Rights*"), and all goodwill of such Grantor's business symbolized by the Trademarks and associated therewith (all of the foregoing being referred to herein collectively as the "*Associated Goodwill*");

(ii) all patents and patent applications and rights and interests in patents and patent applications under any domestic law that are presently, or in the future may be, owned by such Grantor and all patents and patent applications and rights and interests in patents and patent applications under any domestic law that are presently, or in the future may be, held or used by such Grantor in whole or in part, including, without limitation, the patents and patent applications listed in Schedule 1(c), all rights (but not obligations corresponding thereto), including, without limitation, the right (but not the obligation, and exercisable only upon the occurrence and continuation of an Event of Default) to sue for past, present and future infringements in the name of such Grantor or in the name of Secured Party or Secured Parties, and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof (all of the foregoing being collectively referred to as the "*Patents*"); it being understood that the rights and interest included herein hereby shall include, without limitation, all rights and interests pursuant to licensing or other contracts in favor of such Grantor pertaining to patent applications and patents presently or in the future owned or used by third parties but, in the case of third parties which are not

Affiliates of such Grantor, only to the extent permitted by such licensing or other contracts and, if not so permitted, only with the consent of such third parties; and

(iii) all published and unpublished works of authorship including, without limitation, computer programs, computer data bases, other computer software, including without limitation, object code and source code, mask works, semiconductor chips, masks, cell libraries, layouts, trade secrets, trade secret rights, trade dress rights, ideas, drawings, designs, schematics, algorithms, writings, techniques, processes and formulas, including, without limitation, the works listed on Schedule 1(c) (all of the foregoing being referred to herein collectively as the "*Copyrights*"), all copyright registrations issued to such Grantor and applications for copyright registration that have been or may hereafter be issued or applied for thereon in the United States and any state thereof and in all foreign countries, including, without limitation, the registrations listed on Schedule 1(c) (all of the foregoing being referred to herein collectively as the "*Copyright Registrations*"), all common law and other rights in and to the Copyrights in the United States and any state thereof and in all foreign countries including all copyright licenses (but with respect to such copyright licenses, only to the extent permitted by such licensing arrangements) (all of the foregoing being referred to herein collectively as the "*Copyright Rights*"), including, without limitation, each of the Copyrights, rights, titles and interests in and to the Copyrights and works protectable by copyright, which are presently, or in the future may be, owned, created (as a work for hire for the benefit of such Grantor), authored (as a work for hire for the benefit of such Grantor), acquired or used (whether pursuant to a license or otherwise but only to the extent permitted by agreements governing such license or other use) by such Grantor, in whole or in part, and all Copyright Rights with respect thereto and all Copyright Registrations therefor, heretofore or hereafter granted or applied for, and all renewals and extensions thereof, throughout the world, including all proceeds thereof (such as, by way of example and not by limitation, license royalties and proceeds of infringement suits), the right (but not the obligation) to renew and extend such Copyrights, Registrations and Copyright Rights and to register works protectable by copyright and the right (but not the obligation and exercisable only upon the occurrence and continuation of an Event of Default) to sue or bring opposition or cancellation proceedings in the name of such Grantor or in the name of Secured Party or Secured Parties for past, present and future infringements of the Copyrights and Copyright Rights;

(d) all equipment in all of its forms (including, without limitation, all "equipment" as defined in the UCC), all accessions or additions thereto, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing (all of the foregoing being referred to herein collectively as the "*Equipment*");

(e) all inventory in all of its forms (including, without limitation, all "inventory" as defined in the UCC) , including, but not limited to, (i) all goods held by such Grantor for sale or



lease or to be furnished under contracts of service or so leased or furnished, (ii) all raw materials, work in process, finished goods, and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in such Grantor's business, (iii) all goods in which such Grantor has an interest in mass or a joint or other interest or right of any kind, (iv) all goods which are returned to or repossessed by such Grantor, and all accessions thereto and products thereof (all of the foregoing being referred to herein collectively as the "*Inventory*"), and (v) all negotiable and non-negotiable documents of title, including, without limitation, warehouse receipts, dock receipts and bills of lading issued by any Person covering any Inventory;

(f) all accounts, contract rights, chattel paper, documents, instruments, payment intangibles, general intangibles (each as defined in the UCC) and other rights and obligations of any kind (all of the foregoing being referred to herein collectively as the "*Accounts*") and all of such Grantor's rights in, to and under all security agreements, leases and other contracts securing or otherwise relating to any Accounts (all of the foregoing being referred to herein collectively as the "*Related Contracts*");

(g) all agreements and contracts to which such Grantor is a party as of the date hereof, including, without limitation, each Material Contract, or to which such Grantor becomes a party after the date hereof, as each such agreement may be amended, supplemented or otherwise modified from time to time (all of the foregoing being referred to herein collectively as the "*Assigned Agreements*"), including (i) all rights of such Grantor to receive moneys due or to become due under or pursuant to the Assigned Agreements, (ii) all rights of such Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, (iii) all claims of such Grantor for damages arising out of any breach of or default under the Assigned Agreements, and (iv) all rights of such Grantor to terminate, amend, supplement, modify or exercise rights or options under the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder;

(h) to the extent not otherwise included in any other paragraph of this Section 1, all other general intangibles, including tax refunds, rights to payment or performance, choses in action and judgments taken on any rights or claims included in the Collateral;

(i) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon; and

(j) to the extent not covered by Sections 1(a) through 1(i), all other personal property of such Grantor, all proceeds, products, rents and profits of or from any and all of the foregoing Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason

of loss or damage to or otherwise with respect to any of the foregoing Collateral. For purposes of this Agreement, the term "*proceeds*" includes whatever is receivable or received when Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

Notwithstanding anything herein to the contrary, in no event shall the Collateral include, and no Grantor shall be deemed to have granted a security interest in, any of such Grantor's rights or interests in any license, permit, franchise, certification (including all regulatory certifications), contract or agreement to which such Grantor is a party or a grantee or any of its rights or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such license, permit, franchise, certification (including all regulatory certifications), contract or agreement, applicable law or regulation or otherwise, result in a breach of the terms of, or constitute a default under any license, permit, franchise, certification (including all regulatory certifications), contract or agreement to which such Grantor is a party or under applicable law or regulation (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-318(4) of the Uniform Commercial Code of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity); provided, immediately upon the ineffectiveness, lapse or termination of any such provision or law or regulation, the Collateral shall include, and such Grantor shall be deemed to have granted a security interest in, all such rights and interests as if such provision or law or regulation had never been in effect. In addition, in no event shall Collateral include the capital stock of a Subsidiary that is not a Guarantor; provided that immediately upon any such Subsidiary becoming a Guarantor, the Collateral shall include the capital stock of such Subsidiary.

## SECTION 2. SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE

This Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a)), of in the case of Collateral in which a security interest is granted by (i) Company Grantor, all Obligations of Borrower and (ii) each Subsidiary Grantor, all Obligations of such Subsidiary Grantor and each other Subsidiary Grantor which is a Subsidiary of such Subsidiary Grantor (clauses (i) and (ii) collectively, the "Secured Obligations"). Anything contained herein to the contrary notwithstanding, (a) each Grantor shall remain liable under any Partnership Agreement, LLC Agreement or any other contracts and agreements included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (b) the exercise by Secured Party of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral; and (c) Secured Party shall not have any obligation or liability under any Partnership Agreement, LLC Agreement or any other contracts and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the

obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Notwithstanding any of the foregoing, this Agreement shall not in any way be deemed to obligate Secured Party, any Lender or any purchaser at a foreclosure sale under this Agreement to assume any of any Grantor's obligations, duties, expenses or liabilities under any LLC Agreement or Partnership Agreement (including any Grantor's obligations as a general partner for the debts and obligations of a Partnership) and to manage the business and affairs of any Partnership or any of such Grantor's obligations for the debts and obligations of an LLC, or under any and all other agreements now existing or hereafter drafted or executed (collectively, the "Grantor Obligations") unless Secured Party, any Lender or any such purchaser otherwise expressly agrees in writing to assume any or all of said Grantor Obligations. In the event of foreclosure by Secured Party, each Grantor shall remain bound and obligated to perform its Grantor Obligations arising during or otherwise related to its ownership of the Collateral, and neither Secured Party nor any Lender shall be deemed to have assumed any of such Grantor Obligations except as provided in the preceding sentence. Without limiting the generality of the foregoing, neither the grant of the security interest in the Collateral in favor of Secured Party as provided herein nor the exercise by Secured Party of any of its rights hereunder nor any action by the Secured Party in connection with a foreclosure on the Collateral shall be deemed to constitute Secured Party or any Lender a partner of any Partnership or a member of any LLC; provided, in the event Secured Party or any purchaser of Collateral at a foreclosure sale elects to become a substituted general partner of any Partnership or manager of any LLC in place of any Grantor, Secured Party or such purchaser, as the case may, shall adopt in writing the applicable Partnership Agreement or LLC Agreement, as the case may be, and agree to be bound by the terms and provisions thereof.

### SECTION 3. REPRESENTATIONS AND WARRANTIES

3.1. Generally. Each Grantor represents and warrants that each of the representations and warranties set forth in Section 4.10 of the Credit Agreement is true and correct in all material respects with respect to each item of Collateral applicable thereto owned by such Grantor as if fully set forth herein.

3.2. Investment Property. In addition to any other representation made thereby in any other Credit Document, each Grantor represents and warrants that (a) all of the Pledged Stock has been duly authorized and validly issued and are fully paid and non-assessable; (b) the Pledged Securities constitute all of the issued and outstanding equity Securities of each issuer thereof that are owned by such Grantor, and there are no outstanding warrants, options or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any of the Pledged Securities; (c) all of the Pledged Debt has been duly authorized, authenticated or issued, and delivered and is the legal, valid and binding obligation of the issuers thereof and constitutes all of the issued and outstanding inter company Indebtedness evidenced by a promissory note of the respective issuers thereof owing to such Grantor; (d) the Secured Party has been registered as the registered owner on the books and records of any issuer of "uncertificated securities" (as such term is defined in the UCC) included in the

Collateral; and (e) with respect to any Investment Property, no consent of any Person, including any other limited or general partner of the Partnerships, any other member of any LLC, or any creditor of any Grantor, and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for either (i) the grant by any Grantor of the security interests granted hereby, (ii) the execution, delivery or performance of this Agreement by any Grantor, or (iii) the perfection of or the exercise by Secured Party of its rights and remedies hereunder (except as may have been taken by or at the direction of any Grantor) other than, with respect to this clause (e) actions required to constitute the Secured Party as a substituted partner under Partnerships or a member under any LLC.

3.3. Intellectual Property Collateral. In addition to any other representation made thereby in any other Credit Document, each Grantor represents and warrants that (a) a true and complete list of all Trademark Registrations and Trademark applications owned, held (whether pursuant to a license or otherwise) or used by such Grantor, in whole or in part, as of the date of this Agreement is set forth in Schedule 1(c); (b) a true and complete list of all Patents owned, held (whether pursuant to a license or otherwise) or used by such Grantor, in whole or in part, as of the date of this Agreement is set forth in Schedule 1(c); (c) a true and complete list of all Copyright Registrations and applications for Copyright Registrations held (whether pursuant to a license or otherwise) or used by such Grantor, in whole or in part, as of the date of this Agreement is set forth in Schedule 1(c); (d) after inquiry, Grantor is not aware of any pending or threatened claim by any third party that any of the Intellectual Property owned, held or used by such Grantor is invalid or unenforceable the loss of which could reasonably be expected to result in a Material Adverse Effect; (e) such Grantor is the sole and exclusive owner of the entire right, title and interest in and to all Intellectual Property Collateral and owns or has the valid right to use all Intellectual Property Collateral to conduct its business; and (f) except as set forth on Schedule 3.3, no effective security interest or other Lien covering all or any part of the Intellectual Property Collateral is on file in the United States Patent and Trademark Office or the United States Copyright Office, other than (1) those in favor of Secured Party and securing the Secured Obligations and (2) with respect to Intellectual Property Collateral which is licensed to any Grantor, Liens granted by the owners of such property.

3.4. Location of Equipment and Inventory. In addition to the representations and warranties made thereby in any other Credit Document, each Grantor represents and warrants that all of the Equipment and Inventory is, as of the date hereof, located in the jurisdictions specified in Schedule 3.4.

3.5. Office Locations; Jurisdictions of Organization; Other Names. In addition to the representations and warranties made thereby in any other Credit Document, each Grantor represents and warrants that as of the date hereof (i) the chief place of business, the chief executive office and the office where such Grantor keeps its records regarding the Accounts and all originals of all chattel paper that evidence Accounts is, and has been for the four month period preceding the date hereof, located at the places indicated on Schedule 3.5(A), (ii) the jurisdiction of organization of such Grantor is the jurisdiction indicated on Schedule 3.5(B) and (iii) no Grantor has in the past twelve

months, and does not now do, business under any other name (including any trade-name or fictitious business name) except for those names set forth on Schedule 3.5.

#### SECTION 4. FURTHER ASSURANCES; ADDITIONAL GRANTORS

4.1. Generally. Each Grantor agrees that from time to time, at the expense of Grantor, each Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Subject to the provisions of the Credit Agreement, without limiting the generality of the foregoing, each Grantor will (a) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, or as Secured Party may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby; (b) at any reasonable time, upon request by Secured Party, exhibit the Collateral to and allow inspection of the Collateral by Secured Party, or persons designated by Secured Party; and (c) at Secured Party's request, appear in and defend any action or proceeding that may affect Grantor's title to or Secured Party's security interest in all or any part of the Collateral. Each Grantor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Grantor. Each Grantor agrees that a carbon, photographic or other reproduction of this Agreement or of a financing statement signed by Grantor shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions. Each Grantor will furnish to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail.

#### 4.2. Investment Property.

(a) Each Grantor agrees that it will, upon obtaining any additional shares of stock or other securities or partnership interests or interests in limited liability companies required to be pledged hereunder, promptly (and in any event within ten Business Days) deliver to Secured Party a Pledge Supplement, duly executed by Grantor, in substantially the form of Exhibit A (a "*Pledge Supplement*"), in respect of the additional Pledged Securities to be pledged pursuant to this Agreement; provided, however, that each Grantor shall not be required to deliver to Secured Party a Pledge Supplement with respect to additional shares of stock or other securities or partnership interests or interests in limited liability companies with respect to Unrestricted Subsidiaries that are not first tier Unrestricted Subsidiaries. Each Grantor hereby authorizes Secured Party to attach each Pledge Supplement to this Agreement and agrees that all Pledged Securities of Grantor listed on any Pledge Supplement shall for all purposes hereunder be considered Collateral of Grantor; provided, the failure of any Grantor to execute a Pledge Supplement with respect to any additional Pledged Stock pledged pursuant to this Agreement shall not impair the security interest of Secured Party

therein or otherwise adversely affect the rights and remedies of Secured Party hereunder with respect thereto.

(b) At the request of Secured Party, each Grantor shall cause, at Grantor's expense, each Person which is an issuer of an uncertificated security included in the Collateral to execute and deliver all instruments and documents, and take all further action Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted in such uncertificated securities, to establish "control" (as such term is defined in the UCC) by Secured Party over such Collateral or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to such Collateral, including, and as applicable, register the Secured Party as the registered owner upon the books of such Person in accordance with Article 8 of the UCC.

4.3. Intellectual Property Collateral. On the last Business Day of each Fiscal Quarter, each Subsidiary Grantor shall notify Administrative Agent of all rights obtained by such Grantor to any new material Intellectual Property Collateral during such Fiscal Quarter and also whether such Grantor became entitled during such Fiscal Quarter to the benefit of (a) any patent application or patent or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement of any Patent; or (b) any Copyright Registration, application for Registration or renewals or extension of any Copyright, and in any such case, upon the giving of such notice, the provisions of this Agreement shall apply thereto. On the last Business Day of each Fiscal Quarter, each Grantor shall notify Secured Party in writing of any of the foregoing rights acquired by Grantor during such Fiscal Quarter and of (i) any Trademark Registrations issued or applications for Trademark Registration or applications for Patents made, and (ii) any Copyright Registrations issued or applications for Copyright Registration made, in any such case, during such Fiscal Quarter. On the last Business Day of each Fiscal Quarter, with respect to the filing of an application, during such Fiscal Quarter, for any (1) Trademark Registration; (2) Patent; and (3) Copyright Registration, each Subsidiary Grantor shall execute and deliver to Secured Party and record in all places where this Agreement is recorded a Pledge Supplement, pursuant to which such Grantor shall grant to Secured Party a security interest to the extent of its interest in such Intellectual Property Collateral; provided, if, in the reasonable judgment of such Grantor, after due inquiry, granting such interest would result in the grant of a Trademark Registration or Copyright Registration in the name of Secured Party, in which event such Grantor shall give written notice to Secured Party as soon as reasonably practicable and the filing shall instead be undertaken as soon as practicable but in no case later than immediately following the grant of the applicable Trademark Registration or Copyright Registration, as the case may be. In addition to the foregoing, each Grantor hereby authorizes Secured Party to modify this Agreement without obtaining Grantor's approval of or signature to such modification by amending Schedule 1(c), as applicable, to include reference to any right, title or interest in any existing Intellectual Property Collateral or any Intellectual Property Collateral acquired or developed by any Subsidiary Grantor after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property Collateral in which such Grantor no longer has or claims any right, title or interest.

4.4. Accounts. At the reasonable request of Secured party, each Subsidiary Grantor shall (a) mark conspicuously each item of chattel paper included in the Accounts, each Related Contract and, at the reasonable request of Secured Party, each of its records pertaining to the Collateral, with a legend, in form and substance reasonably satisfactory to Secured Party, indicating that such Collateral is subject to the security interest granted hereby, and (b) at the reasonable request of Secured Party, deliver and pledge to Secured Party hereunder all promissory notes and other instruments (excluding checks) and all original counterparts of chattel paper constituting Collateral, duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to Secured Party.

4.5. Equipment. Each Subsidiary Grantor shall (a) promptly after the acquisition by such Grantor of any item of Equipment which is covered by a certificate of title under a statute of any jurisdiction under the law of which indication of a security interest on such certificate is required as a condition of perfection thereof, upon the reasonable request of Secured Party, execute and file with the registrar of motor vehicles or other appropriate authority in such jurisdiction an application or other document requesting the notation or other indication of the security interest created hereunder on such certificate of title, and (b) upon the reasonable request of Secured Party, deliver to Secured Party copies of all such applications or other documents filed during such calendar quarter and copies of all such certificates of title issued during such calendar quarter indicating the security interest created hereunder in the items of Equipment covered thereby.

4.6. Additional Grantors. From time to time subsequent to the date hereof, additional Persons may become parties hereto as additional Grantors (each, an "*Additional Grantor*"), by executing a Counterpart Agreement, substantially in the form of Exhibit L to the Credit Agreement (the "*Counterpart Agreement*"). Upon delivery of any such Counterpart Agreement to Secured Party, notice of which is hereby waived by Grantors, each Additional Grantor shall be a Grantor and shall be as fully a party hereto as if Additional Grantor were an original signatory hereto. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of Administrative Agent not to cause any Subsidiary of Company to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

## SECTION 5. COVENANTS OF GRANTORS

5.1. Generally. Each Grantor shall (a) except for the security interest created by this Agreement, not create or suffer to exist any Lien upon or with respect to any of the Collateral, except Permitted Liens; (b) not use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral; (c) notify Secured Party of any change in Grantor's name, identity or corporate structure within 15 days of such change and take such action as Secured Party may reasonably request in order to protect or perfect any security interest granted or purported to be

granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder; (d) diligently keep reasonable records respecting the Intellectual Property Collateral and at all times keep at least one complete set of its records concerning such Collateral at its chief executive office or principal place of business; (e) if Secured Party gives value to enable Grantor to acquire rights in or the use of any Collateral, use such value for such purposes; (f) pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent the validity thereof is being contested in good faith; provided, Grantor shall in any event pay such taxes, assessments, charges, levies or claims not later than five days prior to the date of any proposed sale under any judgement, writ or warrant of attachment entered or filed against Grantor or any of the Collateral as a result of the failure to make such payment; and (g) upon any officer of such Grantor obtaining knowledge thereof, promptly notify Secured Party in writing of any event that may materially and adversely affect the value of the Collateral or any material portion thereof, the ability of Grantor or Secured Party to dispose of the Collateral or any material portion thereof, or the rights and remedies of Secured Party in relation thereto, including, without limitation, the levy of any legal process against the Collateral or any material portion thereof. No Grantor shall sell, transfer or assign (by operation of law or otherwise) any Collateral except as permitted by Section 6 of the Credit Agreement (a "*Permitted Sale*"). So long as (i) no Event of Default shall have occurred and is then continuing or would occur after giving effect to a Permitted Sale, and (ii) the Net Asset Sale Proceeds with respect to such Permitted Sale are delivered to Secured Party contemporaneously with such Permitted Sale, Secured Party shall release the Lien hereof encumbering the Collateral that is the subject of such Permitted Sale. Secured Party shall execute each and every appropriate filing statement and/or recording document reasonably requested by and, at the expense of, any Grantor in connection with the foregoing. Any reasonable expense or cost incurred by Secured Party in connection with any such release shall be for the account of the applicable Grantor.

5.2. Investment Property.

(a) Delivery.

(i) All certificates or instruments representing or evidencing the Investment Property shall be delivered to and held by or on behalf of Secured Party pursuant hereto and shall be in suitable form for transfer by delivery or, as applicable, shall be accompanied by Grantor's endorsement, where necessary, or duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to Secured Party. Upon the occurrence and during the continuation of an Event of Default, Secured Party shall have the right, without notice to any Grantor, to transfer to or to register in the name of Secured Party or any of its nominees any or all of the Investment Property, subject only to the revocable rights specified herein. In addition, Secured Party shall have the right at any time to exchange certificates or instruments representing or evidencing Investment Property for certificates or instruments of smaller or larger denominations.



(ii) Each Grantor hereby consents to the pledge of the Partnership Interests by each other Grantor in each Partnership pursuant to the terms hereof, and, subject to Section 7, to the transfer of such Partnership Interests to Secured Party or its nominee and to the substitution of Secured Party or its nominee as a substituted Partner of each such Partnership with all the rights, powers and duties of a general partner or a limited partners, as the case may be.

(iii) Each Grantor hereby consents to the pledge of the LLC Interests by each other Grantor in each LLC pursuant to the terms hereof, and, subject to Section 7, to the transfer of such LLC Interests to Secured Party or its nominee and to the substitution of Secured Party or its nominee as a substituted member of each such LLC with all the rights, powers and duties of a member of such LLC in question.

(b) Covenants. Subject to the provisions of the Credit Agreement, each Grantor shall (i) not permit any issuer of Pledged Stock to merge or consolidate unless all the outstanding capital stock of the surviving or resulting corporation is, upon such merger or consolidation, pledged hereunder and no cash, securities or other property is distributed in respect of the outstanding shares of any other constituent corporation; provided, if the surviving or resulting corporation upon any such merger or consolidation involving an issuer of Pledged Stock which is a controlled foreign corporation is a controlled foreign corporation, then such Grantor shall only be required to pledge outstanding capital stock of such surviving or resulting corporation possessing up to but not exceeding 65% of the voting power of all classes of capital stock of such issuer entitled to vote; (ii) cause each issuer of Pledged Stock not to issue any stock or other securities in addition to or in substitution for the Pledged Stock issued by such issuer, except to Grantor; (iii) not consent to any amendment or modification to a Partnership Agreement or LLC Agreement electing to have Partnership Interests or LLC Interests, as the case may be, governed by Article 8 of the Uniform Commercial Code of any jurisdiction unless such Partnership or LLC, as the case may be, also elects to issue certificates evidencing such interests and in any event promptly informs Secured Party in writing of any such election, delivers any such certificates to Secured Party pursuant to Section 5.2 hereof and takes all other action requested by Secured Party to perfect and establish Secured Party's control over such interests; (iv) not (1) cancel or terminate any of the Partnership Agreements or LLC Agreements or consent to or accept any cancellation or termination thereof, (2) sell, assign (by operation of law or otherwise) or otherwise dispose of any part of its limited or general partnership interest in any of the Partnerships or its membership interest in any of the LLCs, (3) amend, supplement or otherwise modify any of the Partnership Agreements or any of the LLC Agreements (as in effect on the date hereof), (4) waive any default under or breach of any of the Partnership Agreements or any of the LLC Agreements or waive, fail to enforce, forgive or release any right, interest or entitlement of any kind, howsoever arising, under or in respect of any of the Partnership Agreements or any of the LLC Agreements or vary or agree to the variation in any respect of any of the provisions of any of the Partnership Agreements or any of the LLC Agreements or the performance of any other Person under any of the Partnership Agreements or any of the LLC Agreements, or (5) petition, request or take any other legal or administrative action which seeks, or

may reasonably be expected, to rescind, to terminate or to suspend any of the Partnership Agreements or any of the LLC Agreements or to amend or modify any of the Partnership Agreements or any of the LLC Agreements; (v) at its expense (1) perform and comply in all material respects with all terms and provisions of the Partnership Agreements and the LLC Agreements required to be performed or complied with by it, (2) maintain the Partnership Agreements and the LLC Agreements to which it is a party in full force and effect, and (3) enforce each of the Partnership Agreements and each of the LLC Agreements to which it is a party in accordance with its terms; and (vi) not vote to permit the Partnerships or the LLCs to enter into any transaction of merger or consolidation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution).

(c) Voting and Distributions.

(i) Subject to the provisions of the Credit Agreement, so long as no Event of Default shall have occurred and be continuing, (1) each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Investment Property or any part thereof for any purpose not inconsistent with the terms of this Agreement or the Credit Agreement; provided, no Grantor shall exercise or refrain from exercising any such right if Secured Party shall have notified Grantor that, in Secured Party's reasonable judgment, such action would have a material adverse effect on the value of the Investment Property or any part thereof; and provided further, Grantor shall give Secured Party at least two Business Days' prior written notice of the manner in which it intends to exercise, or the reasons for refraining from exercising, any such right. It is understood, however, that neither (A) the voting by Grantor of any Pledged Stock for or Grantor's consent to the election of directors at a regularly scheduled annual or other meeting of stockholders or with respect to incidental matters at any such meeting, nor (B) Grantor's consent to or approval of any action otherwise permitted under this Agreement and the Credit Agreement shall be deemed inconsistent with the terms of this Agreement or the Credit Agreement within the meaning of this Section, and no notice of any such voting or consent need be given to Secured Party; (2) Grantor shall be entitled to receive and retain, and to utilize free and clear of the lien of this Agreement, any and all dividends and interest paid in respect of the Investment Property; provided, any and all (A) dividends and interest paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Investment Property, (B) dividends and other distributions paid or payable in cash in respect of any Investment Property in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus, and (C) cash paid, payable or otherwise distributed in respect of principal or in redemption of or in exchange for any Investment Property, shall be, and shall forthwith be delivered to Secured Party to hold as, Investment Property and shall, if received by Grantor, be received in trust for the benefit of Secured Party, be segregated from the other property or funds of Grantor and be forthwith delivered to Secured Party as Investment Property in the same form as so

received (with all necessary endorsements); and (3) Secured Party shall promptly execute and deliver (or cause to be executed and delivered) to Grantor all such proxies, dividend payment orders and other instruments as Grantor may from time to time reasonably request for the purpose of enabling Grantor to exercise the voting and other consensual rights when and to the extent which it is entitled to exercise pursuant to clause (i) above and to receive the dividends, principal or interest payments which it is authorized to receive and retain pursuant to clause (2) above.

(ii) Upon the occurrence and during the continuation of an Event of Default, (1) upon written notice from Secured Party to any Grantor, all rights of Grantor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease, and all such rights shall thereupon become vested in Secured Party who shall thereupon have the sole right to exercise such voting and other consensual rights; (2) all rights of Grantor to receive the dividends and interest payments which it would otherwise be authorized to receive and retain pursuant hereto shall cease, and all such rights shall thereupon become vested in Secured Party who shall thereupon have the sole right to receive and hold as Investment Property such dividends and interest payments; and (3) all payments which are received by Grantor contrary to the provisions of clause (2) above shall be received in trust for the benefit of Secured Party, shall be segregated from other funds of Grantor and shall forthwith be paid over to Secured Party as Investment Property in the same form as so received (with any necessary endorsements); and (4) all rights of such Grantor to receive any and all payments under or in connection with the Partnership Agreements and/or the LLC Agreements, including but not limited to the profits, dividends, and other distributions which it would otherwise be authorized to receive and retain pursuant hereto, shall cease, and all such rights shall thereupon become vested in Secured Party who shall thereupon have the sole right to receive and hold such payments as collateral.

(iii) IN ORDER TO PERMIT SECURED PARTY TO EXERCISE THE VOTING AND OTHER CONSENSUAL RIGHTS WHICH IT MAY BE ENTITLED TO EXERCISE PURSUANT HERETO AND TO RECEIVE ALL DIVIDENDS AND OTHER DISTRIBUTIONS WHICH IT MAY BE ENTITLED TO RECEIVE HEREUNDER, (1) GRANTOR SHALL PROMPTLY EXECUTE AND DELIVER (OR CAUSE TO BE EXECUTED AND DELIVERED) TO SECURED PARTY ALL SUCH PROXIES, DIVIDEND PAYMENT ORDERS AND OTHER INSTRUMENTS AS SECURED PARTY MAY FROM TIME TO TIME REASONABLY REQUEST, AND (2) WITHOUT LIMITING THE EFFECT OF CLAUSE (1) ABOVE, GRANTOR HEREBY GRANTS TO SECURED PARTY AN IRREVOCABLE PROXY TO VOTE THE PLEDGED STOCK AND TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF THE PLEDGED STOCK WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHARE-

HOLDERS AND VOTING AT SUCH MEETINGS), WHICH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY PLEDGED STOCK ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY OTHER PERSON (INCLUDING THE ISSUER OF THE PLEDGED STOCK OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT, AND WHICH PROXY SHALL ONLY TERMINATE UPON THE PAYMENT IN FULL OF THE SECURED OBLIGATIONS (OTHER THAN INCHOATE INDEMNIFICATION OBLIGATIONS WITH RESPECT TO CLAIMS, LOSSES OR LIABILITIES WHICH HAVE NOT YET ARISEN AND ARE NOT YET DUE AND PAYABLE).

5.3. Intellectual Property Collateral.

(a) Covenants. Each Subsidiary Grantor shall (i) hereafter use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could or might in any way materially impair or prevent the creation of a security interest in, or the assignment of, Grantor's rights and interests in any property included within the definitions of any Intellectual Property Collateral acquired under such contracts; (ii) take all steps reasonably necessary to protect the secrecy of all trade secrets relating to the products and services sold or delivered under or in connection with the Intellectual Property Collateral, including, without limitation, entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents; (iii) use proper statutory notice in connection with its use of any of the Intellectual Property Collateral; (iv) use consistent standards of high quality (which may be consistent with Grantor's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with the Intellectual Property Collateral; and (v) furnish to Secured Party on the last Business Day of each Fiscal Quarter statements and schedules further identifying and describing any Intellectual Property Collateral and such other reports in connection with such Collateral as Secured Party may reasonably request, all in reasonable detail.

(b) Collections. Except as otherwise provided in this Section 5.3, each Grantor shall continue to collect, at its own expense, all amounts due or to become due to Grantor in respect of the Intellectual Property Collateral or any portion thereof. In connection with such collections, each Grantor may take (and, at Secured Party's reasonable direction, shall take) such action as Grantor or Secured Party may deem reasonably necessary or advisable to enforce collection of such amounts; provided, Secured Party shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to Grantor of its intention to do so, to notify the obligors with respect to any such amounts of the existence of the security interest created hereby and to direct such obligors to make payment of all such amounts directly to Secured Party, and, upon such notification and at the expense of Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the

same extent as Grantor might have done. After receipt by any Grantor of the notice from Secured Party referred to in the proviso to the preceding sentence and during the continuation of any Event of Default, (i) all amounts and proceeds (including checks and other instruments) received by Grantor in respect of amounts due to Grantor in respect of the Collateral or any portion thereof shall be received in trust for the benefit of Secured Party hereunder, shall be segregated from other funds of Grantor and shall be forthwith paid over or delivered to Secured Party in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 7.5, and (ii) Grantor shall not adjust, settle or compromise the amount or payment of any such amount or release wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

(c) Applications and Registrations. Each Subsidiary Grantor shall have the duty diligently, through counsel reasonably acceptable to Secured Party, to prosecute, file and/or make, unless and until such Grantor, in its commercially reasonable judgment, decides otherwise, (i) any application relating to any of the Intellectual Property Collateral owned, held or used by such Grantor and identified on Schedule 1(c), that is pending as of the date of this Agreement, (ii) any Registration on any existing or future unregistered but copyrightable works (except for works of nominal commercial value or with respect to which such Grantor has determined in the exercise of its commercially reasonable judgment that it shall not seek registration), (iii) application on any existing patent or future patentable but unpatented invention comprising Intellectual Property Collateral, and (iv) any Trademark opposition and cancellation proceedings, renew Trademark Registrations and Copyright Registrations and do any and all acts which are necessary or desirable, as determined in such Grantor's commercially reasonable judgment, to preserve and maintain all rights in all Intellectual Property Collateral. Any expenses incurred in connection therewith shall be borne solely by such Grantor. Subject to the foregoing, Subsidiary Grantor shall give Secured Party prior written notice of any abandonment of any material Intellectual Property Collateral or any right to file a patent application or any pending patent application or any Patent.

(d) Litigation. Except as provided herein, each Grantor shall have the right to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such suits, proceedings or other actions for infringement, unfair competition, dilution, misappropriation or other damage, or reexamination or reissue proceedings as are in its commercially reasonable judgment necessary to protect the Intellectual Property Collateral. Secured Party shall provide, at Grantor's expense, all reasonable and necessary cooperation in connection with any such suit, proceeding or action including, without limitation, joining as a necessary party. Each Grantor shall promptly, following its becoming aware thereof, notify Secured Party of the institution of, or of any adverse determination in, any proceeding (whether in the United States Patent and Trademark Office, the United States Copyright Office or any federal, state, local or foreign court) or regarding Subsidiary Grantor's ownership, right to use, or interest in any material Intellectual Property Collateral. Grantor shall provide to Secured Party any information with respect thereto reasonably requested by Secured Party.

(e) Certain Rights of Secured Party. In addition to, and not by way of limitation of, the granting of a security interest in the Collateral pursuant hereto, each Grantor, effective upon the occurrence and during the continuation of an Event of Default and upon written notice from Secured Party, shall grant, sell, convey, transfer, assign and set over to Secured Party, for its benefit and the ratable benefit of Lenders, all of Subsidiary Grantor's right, title and interest in and to the Intellectual Property Collateral to the extent necessary to enable Secured Party to use, possess and realize on the Collateral and to enable any successor or assign to enjoy the benefits of the Collateral. This right and license shall inure to the benefit of all successors, assigns and transferees of Secured Party and its successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license shall be granted free of charge, without requirement that any monetary payment whatsoever be made to such Grantor. Subject to the provisions of the Credit Agreement, in addition, each Grantor hereby grants to Secured Party and its employees, representatives and agents the right to visit Grantor's and any of its Affiliate's or subcontractor's plants, facilities and other places of business that are utilized in connection with the manufacture, production, inspection, storage or sale of products and services sold or delivered under any of the Intellectual Property Collateral (or which were so utilized during the prior six month period), and to inspect the quality control and all other records relating thereto upon reasonable advance written notice to Grantor and at reasonable dates and times and as often as may be reasonably requested. If and to the extent that any Subsidiary Grantor is permitted to license the Intellectual Property Collateral, Secured Party shall promptly enter into a non-disturbance agreement or other similar arrangement, at Grantor's request and expense, with Grantor and any licensee of any Intellectual Property Collateral permitted hereunder in form and substance reasonably satisfactory to Secured Party pursuant to which (i) Secured Party shall agree not to disturb or interfere with such licensee's rights under its license agreement with Grantor so long as such licensee is not in default thereunder, and (ii) such licensee shall acknowledge and agree that the Intellectual Property Collateral licensed to it is subject to the security interest created in favor of Secured Party and the other terms of this Agreement.

5.4. Equipment and Inventory. Each Subsidiary Grantor shall, with respect to Equipment and Inventory included in the Collateral:

(a) keep the Equipment and Inventory in the jurisdictions specified on Schedule 3.4 or upon 30 days' written notice to Secured Party, in such other jurisdictions where all action that Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby, or to enable Secured Party to exercise and enforce its rights and remedies hereunder, with respect to such Equipment and Inventory shall have been taken;

(b) keep correct and accurate records of the Inventory, itemizing and describing the kind, type and quantity of Inventory, such Grantor's cost therefor and (where applicable) the current list prices for the Inventory; and

(c) if any Inventory is in possession or control of any of such Grantor's agents or processors, upon the occurrence and during the continuance of an Event of Default, instruct such agent or processor to hold all such Inventory for the account of Secured Party and subject to the instructions of Secured Party.

5.5. Accounts and Related Contracts. Each Grantor shall:

(a) keep its chief place of business and chief executive office and the office where it keeps its records concerning the Accounts and Related Contracts, and all originals of all chattel paper that evidence Accounts, at the location therefor specified on Schedule 5.5(A) or, upon 30 days' written notice to Secured Party following any change in location, at such other location in a jurisdiction where all action that Secured Party may request, in order to perfect and protect any security interest granted or purported to be granted hereby, or to enable Secured Party to exercise and enforce its rights and remedies hereunder, with respect to such Accounts and Related Contracts shall have been taken. Promptly upon the reasonable request of Secured Party, such Grantor shall deliver to Secured Party complete and correct copies of each Related Contract;

(b) maintain (i) complete records of all Accounts, including records of all payments received, credits granted and merchandise returned, and (ii) all documentation relating thereto in accordance with prudent business practices;

(c) except as otherwise provided in this subsection (c), continue to collect, at its own expense, all amounts due or to become due to such Grantor under the Accounts and Related Contracts, and in connection with such collections, such Grantor shall take such action as such Grantor or Secured Party may deem necessary or advisable to enforce collection of amounts due or to become due under the Accounts and Related Contracts; provided, Secured Party shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to such Grantor of its intention to do so, to notify the account debtors or obligors under any Accounts and Related Contracts of the assignment of such Accounts and Related Contracts to Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to Secured Party, to notify each Person maintaining a lockbox or similar arrangement to which account debtors or obligors under any Accounts and Related Contracts have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to Secured Party and, upon such notification and at the expense of such Grantor, to enforce collection of any such Accounts and Related Contracts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. After receipt by any Grantor of the notice from Secured Party referred to in the proviso to the preceding sentence, (i) any payments of Accounts and Related Contracts, received by such Grantor 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 Secured Party if required, in an account (the "*Collateral Account*") maintained under the sole dominion and

control of the Secured Party, subject to withdrawal by the Secured Party for the account of the Secured Parties as provided in Section 7.5, (ii) until so turned over in accordance with the preceding subsection (i), all amounts and proceeds (including checks and other instruments) received by such Grantor in respect of the Accounts and the Related Contracts shall be received in trust for the benefit of Secured Party hereunder and shall be segregated from other funds of such Grantor and (iii) such Grantor shall not adjust, settle or compromise the amount or payment of any Account and Related Contracts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

5.6. Jurisdiction of Organization. Each Grantor shall notify Secured Party in writing of any change in its jurisdiction of organization at least thirty (30) days prior to any such change.

## SECTION 6. SECURED PARTY APPOINTED ATTORNEY-IN-FACT

Each Grantor hereby irrevocably appoints Secured Party as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Secured Party or otherwise, from time to time in Secured Party's discretion to take any action and to execute any instrument that Secured Party may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including (a) to obtain and adjust insurance required to be maintained by Grantor or paid to Secured Party pursuant to the Credit Agreement; (b) upon the occurrence and during the continuation of any Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral; (c) upon the occurrence and during the continuation of any Event of Default, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (b) above; (d) to file any claims or take any action or institute any proceedings that Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Secured Party with respect to any of the Collateral; (e) to pay or discharge taxes or Liens (other than Liens permitted under this Agreement or the Credit Agreement) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by Secured Party in its sole discretion, any such payments made by Secured Party to become obligations of Grantor to Secured Party, due and payable immediately without demand; and (f) upon the occurrence and during the continuation of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Grantor's expense, at any time or from time to time, all acts and things that Secured Party deems reasonably necessary to protect, preserve or realize upon the Collateral and Secured Party's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as Grantor might do.



## SECTION 7. REMEDIES

7.1. Generally. If any Event of Default shall have occurred and be continuing, Secured Party may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code as in effect in any relevant jurisdiction (the "Code") (whether or not the Code applies to the affected Collateral), and also may (a) require any Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties; (b) enter onto the property where any Collateral is located and take possession thereof with or without judicial process; (c) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent Secured Party deems appropriate; (d) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as Secured Party may deem commercially reasonable; and (e) exercise dominion and control over, and refuse to permit further withdrawals (whether of money, securities, instruments or other property) from any deposit account maintained with Secured Party constituting part of the Collateral. To the extent permitted by applicable law, Secured Party or any Lender or Lender Counterparty may be the purchaser of any or all of the Collateral at any such sale and Secured Party, as agent for and representative of Lenders and Lender Counterparties (but not any Lender or Lenders or Lender Counterparties in its or their respective individual capacities unless Requisite Lenders shall otherwise agree in writing), shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by Secured Party at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. To the extent permitted by applicable law, each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor hereby waives any claims against Secured Party arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if Secured Party accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Grantors shall be liable for the

deficiency and the fees of any attorneys employed by Secured Party to collect such deficiency. Each Grantor further agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to Secured Party, that Secured Party has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against Grantor, and 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 default has occurred giving rise to the Secured Obligations (other than inchoate indemnification obligations with respect to claims, losses or liabilities which have not yet arisen and are not yet due and payable) becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way alter the rights of Secured Party hereunder.

7.2. Investment Property. Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws, Secured Party may be compelled, with respect to any sale of all or any part of the Investment Property conducted without prior registration or qualification of such Investment Property under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sales may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances each Grantor agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that Secured Party shall have no obligation to engage in public sales and no obligation to delay the sale of any Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If Secured Party determines to exercise its right to sell any or all of the Investment Property, upon written request, each Grantor shall and shall cause each issuer of any Pledged Stock to be sold hereunder, each Partnership and each LLC from time to time to furnish to Secured Party all such information as Secured Party may request in order to determine the number and nature of interest, shares or other instruments included in the Investment Property which may be sold by Secured Party in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

7.3. Intellectual Property Collateral.

(a) Anything contained herein to the contrary notwithstanding, upon the occurrence and during the continuation of an Event of Default, (i) Secured Party shall have the right (but not the obligation) to bring suit, in the name of any Grantor, Secured Party or otherwise, to enforce any Intellectual Property Collateral, in which event such Grantor shall, at the request of Secured Party, do any and all lawful acts and execute any and all documents required by Secured Party in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify Secured Party

as provided in the Credit Agreement in connection with the exercise of its rights under this Section, and, to the extent that Secured Party shall elect not to bring suit to enforce any Intellectual Property Collateral as provided in this Section, each Grantor agrees to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement of any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing necessary to prevent such infringement; (ii) upon written demand from Secured Party, each Grantor shall execute and deliver to Secured Party an assignment or assignments of the Intellectual Property Collateral and such other documents as are necessary or appropriate to carry out the intent and purposes of this Agreement; (iii) each Grantor agrees that such an assignment and/or recording shall be applied to reduce the Secured Obligations outstanding only to the extent that Secured Party (or any Lender) receives cash proceeds in respect of the sale of, or other realization upon, the Intellectual Property Collateral; and (iv) within five Business Days after written notice from Secured Party, Grantor shall make available to Secured Party, to the extent within Grantor's power and authority, such personnel in Grantor's employ on the date of such Event of Default as Secured Party may reasonably designate, by name, title or job responsibility, to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold or delivered by such Grantor under or in connection with the Trademarks, Trademark Registrations and Trademark Rights, such persons to be available to perform their prior functions on Secured Party's behalf and to be compensated by Secured Party at Grantor's expense on a per diem, pro-rata basis consistent with the salary and benefit structure applicable to each as of the date of such Event of Default.

(b) If (i) an Event of Default shall have occurred and, by reason of cure, waiver, modification, amendment or otherwise, no longer be continuing, (ii) no other Event of Default shall have occurred and be continuing, (iii) an assignment to Secured Party of any rights, title and interests in and to the Intellectual Property Collateral shall have been previously made and shall have become absolute and effective, and (iv) the Secured Obligations shall not have become immediately due and payable, upon the written request of Grantor, Secured Party shall promptly execute and deliver to Grantor such assignments as may be necessary to reassign to Grantor any such rights, title and interests as may have been assigned to Secured Party as aforesaid, subject to any disposition thereof that may have been made by Secured Party; provided, after giving effect to such reassignment, Secured Party's security interest granted pursuant hereto, as well as all other rights and remedies of Secured Party granted hereunder, shall continue to be in full force and effect; and provided further, the rights, title and interests so reassigned shall be free and clear of all Liens other than Liens (if any) encumbering such rights, title and interest at the time of their assignment to Secured Party and Permitted Liens.

7.4. Accounts. In addition to the rights of the Secured Party and the Secured Parties specified in Section 8 with respect to payments of Accounts, if an Event of Default shall occur and be continuing, upon request of the Secured Party, 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 Secured Party and the Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon

receipt by such Grantor, be turned over to the Secured Party in the exact form received by such Grantor (duly indorsed by such Grantor to the Secured Party, if required) and held by the Secured Party in the Collateral Account. All proceeds while held by the Secured Party in the Collateral Account (or by the Borrower in trust for the Secured Party and the Secured Parties) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 7.5.

7.5. Application of Proceeds. Except as expressly provided elsewhere in this Agreement, all proceeds received by Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied as provided in Section 2.13 of the Credit Agreement.

## SECTION 8. SECURED PARTY AS AGENT

Secured Party has been appointed to act as Secured Party hereunder by Lenders and, by their acceptance of the benefits hereof, Lender Counterparties. Secured Party shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including the release or substitution of Collateral), solely in accordance with this Agreement and the Credit Agreement; provided, Secured Party shall exercise, or refrain from exercising, any remedies provided for herein in accordance with the instructions of (a) Requisite Lenders or (b) after payment in full in cash of all Obligations under the Credit Agreement and the other Credit Documents, the holders of a majority of the aggregate notional amount (or, with respect to any Hedge Agreement that has been terminated in accordance with its terms, the amount then due and payable (exclusive of expenses and similar payments but including any early termination payments then due) under such Hedge Agreement) under all Hedge Agreements (Requisite Lenders or, if applicable, such holders being referred to herein as "Requisite Obligees"). In furtherance of the foregoing provisions of this Section, each Lender Counterparty, by its acceptance of the benefits hereof, agrees that it shall have no right individually to realize upon any of the Collateral hereunder, it being understood and agreed by such Lender Counterparty that all rights and remedies hereunder may be exercised solely by Secured Party for the benefit of Lenders and Lender Counterparties in accordance with the terms of this Section. Secured Party shall at all times be the same Person that is Administrative Agent under the Credit Agreement. Written notice of resignation by Administrative Agent pursuant to terms of the Credit Agreement shall also constitute notice of resignation as Secured Party under this Agreement; removal of Administrative Agent pursuant to the terms of the Credit Agreement shall also constitute removal as Secured Party under this Agreement; and appointment of a successor Administrative Agent pursuant to the terms of the Credit Agreement shall also constitute appointment of a successor Secured Party under this Agreement. Upon the acceptance of any appointment as Administrative Agent under the terms of the Credit Agreement by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Secured Party under this Agreement, and the retiring or removed Secured Party under this Agreement shall promptly (i) transfer to such successor Secured Party all sums,

securities and other items of Collateral held hereunder, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Secured Party under this Agreement, and (ii) execute and deliver to such successor Secured Party such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Secured Party of the security interests created hereunder, whereupon such retiring or removed Secured Party shall be discharged from its duties and obligations under this Agreement. After any retiring or removed Administrative Agent's resignation or removal hereunder as Secured Party, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was Secured Party hereunder. No Grantor shall enter into any agreement with any other Person relating to Investment Property pursuant to which such other Person agrees to comply with entitlement orders (as defined in Section 8-102(a)(8) of the UCC with respect to such Investment Property.

#### SECTION 9. CONTINUING SECURITY INTEREST; TRANSFER OF LOANS

This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the payment in full of the Secured Obligations (other than inchoate indemnification obligations with respect to claims, losses or liabilities which have not yet arisen and are not yet due and payable) and the cancellation or termination of the Commitments, (b) be binding upon each Grantor, its successors and assigns, and (c) inure, together with the rights and remedies of Secured Party hereunder, to the benefit of Secured Party and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), but subject to the terms of the Credit Agreement, any Lender may assign or otherwise transfer any Loans held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to Lenders herein or otherwise. Upon the payment in full of all Secured Obligations (other than inchoate indemnification obligations with respect to claims, losses or liabilities which have not yet arisen and are not yet due and payable) and the cancellation or termination of the Commitments, the security interest granted hereby shall terminate hereunder and of record and all rights to the Collateral shall revert to Grantor. Upon any such termination Secured Party will, at Grantors' expense, execute and deliver to Grantors such documents as Grantors shall reasonably request to evidence such termination.

#### SECTION 10. STANDARD OF CARE; SECURED PARTY MAY PERFORM

The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which Secured Party accords its own property. If any Grantor fails to

perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such agreement, and the expenses of Secured Party incurred in connection therewith shall be payable by each Grantor under Section 10.2 of the Credit Agreement.

## SECTION 11. INDEMNITY AND EXPENSES

(a) Each Grantor agrees:

(i) to indemnify Secured Party and each Secured Party from and against any and all claims, losses and liabilities in any way relating to, growing out of or resulting from this Agreement and the transactions contemplated hereby (including without limitation enforcement of this Agreement) in accordance with the terms and conditions of the Credit Agreement, except to the extent such claims, losses or liabilities result from Secured Party's or such Secured Party's gross negligence, bad faith, or willful misconduct as determined by a court of competent jurisdiction; and

(ii) to pay to Secured Party promptly following written demand the amount of any and all reasonable costs and reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents in accordance with the terms and conditions of the Credit Agreement.

(b) The obligations of each Grantor in this Section 11 shall survive the termination of this Agreement and the discharge of such Grantor's other obligations under this Agreement, the Hedge Agreements, the Credit Agreement and any other Credit Documents.

## SECTION 12. MISCELLANEOUS

Any notice required or permitted to be given under this Agreement shall be given in accordance with Section 10.1 of the Credit Agreement. No failure or delay on the part of Secured Party in the exercise of any power, right or privilege hereunder or under any other Credit Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement and the other Credit Documents are cumulative to, and not exclusive of, any rights or remedies otherwise available. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists. This Agreement shall be binding upon and

inure to the benefit of Secured Party and Grantors and their respective successors and assigns. No Grantor shall, without the prior written consent of Secured Party, assign any right, duty or obligation hereunder. This Agreement and the other Credit Documents embody the entire agreement and understanding between Grantors and Secured Party and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Credit Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

THE PROVISIONS OF THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF EACH GRANTOR AND SECURED PARTY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each Grantor and Secured Party have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

ALLEGIANCE TELECOM, INC.,  
as Company Grantor

By: 

Name: Mark B. Tresnowski

Title: Senior Vice President

ALLEGIANCE TELECOM COMPANY WORLDWIDE  
ALLEGIANCE TELECOM SERVICE CORPORATION  
ALLEGIANCE TELECOM INTERNATIONAL, INC.  
INTERNET ALLEGIANCE, INC.  
ALLEGIANCE TELECOM OF TEXAS, INC.  
ALLEGIANCE TELECOM OF ILLINOIS, INC.  
ALLEGIANCE TELECOM OF MICHIGAN, INC.  
ALLEGIANCE TELECOM OF MARYLAND, INC.  
ALLEGIANCE TELECOM OF THE DISTRICT OF  
COLUMBIA, INC.  
ALLEGIANCE TELECOM OF COLORADO, INC.  
ALLEGIANCE TELECOM OF FLORIDA, INC.  
ALLEGIANCE TELECOM OF CALIFORNIA, INC.  
ALLEGIANCE TELECOM OF NEW YORK, INC.  
ALLEGIANCE TELECOM OF VIRGINIA, INC.  
ALLEGIANCE TELECOM OF MASSACHUSETTS,  
INC.  
ALLEGIANCE TELECOM OF ARIZONA, INC.  
ALLEGIANCE TELECOM OF MISSOURI, INC.  
ALLEGIANCE TELECOM OF OHIO, INC.  
ALLEGIANCE TELECOM OF WASHINGTON, INC.  
KIVEX, INC.  
CONNECTNET, INC.

Each as a Grantor

By: 

Name: Mark B. Tresnowski

Title: Senior Vice President



TORONTO DOMINION (TEXAS), INC.,  
as Secured Party

By: Kimberly Buleson  
Name: V.P.  
Title:

PLEDGE AND SECURITY AGREEMENT

EXECUTION

TRADEMARK  
REEL: 002068 FRAME: 0369

**SCHEDULE 1(a) to Pledge and Security Agreement  
(Pledged Securities)**

PLEDGED STOCK:

<i>Pledgor</i>	<i>Issuer</i>	<i>Class of Stock</i>	<i>Stock Cert. No.</i>	<i>Par Value</i>	<i># of Shares Pledged</i>	<i>% and Type of Outstanding Pledged Stock Pledged</i>
Allegiance Telecom, Inc.	Allegiance Telecom Company Worldwide	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Arizona, Inc.	Common Stock	No. 2	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of California, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Colorado, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of The District of Columbia, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Florida, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Illinois, Inc.	Common Stock	No. 3	\$.01	1	100%

<i>Pledgor</i>	<i>Issuer</i>	<i>Class of Stock</i>	<i>Stock Cert. No.</i>	<i>Par Value</i>	<i># of Shares Pledged</i>	<i>% and Type of Outstanding Pledged Stock Pledged</i>
Allegiance Telecom Company Worldwide	Allegiance Telecom International, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Maryland, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Massachusetts, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Michigan, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Missouri, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of New York, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Ohio, Inc.	Common Stock	No. 2	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom Service Corporation	Common Stock	No. 3	\$.01	1	100%

<i>Pledgor</i>	<i>Issuer</i>	<i>Class of Stock</i>	<i>Stock Cert. No.</i>	<i>Par Value</i>	<i># of Shares Pledged</i>	<i>% and Type of Outstanding Pledged Stock Pledged</i>
Allegiance Telecom Company Worldwide	Allegiance Telecom of Texas, Inc.	Common Stock	No. 4	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Virginia, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Washington, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Internet Allegiance, Inc.	Common Stock	No. 3	\$.01	1	100%
Internet Allegiance, Inc.	Kivex, Inc.	Common Stock	No. 7	\$.01	100	100%
Internet Allegiance, Inc.	ConnectNet, Inc.	Common Stock	No. 4	\$.01	100	100%

INDEBTEDNESS:

PARTNERSHIP INTERESTS:

LLC INTERESTS:

**SCHEDULE 1(c) to Pledge and Security Agreement  
(Intellectual Property)**

Registered Trademarks:

Kivex, Inc.	KIVEX; Registration No. 2,041,712 <sup>4</sup> KIVEX BRONZE; Registration No. 2,0 <del>41</del> ,713 KIVEX SILVER; Registration No. 2,041,711 KIVEX GOLD; Registration No. 2,041,709 KIVEX PLATINUM; Registration No. 2,041,710
ConnectNet, Inc.	ConnectNet; Registration No. 2,092,491 ConnectNet; Registration No. 2,176,085

Trademark Applications:

“Allegiance Communications” filed with the Patent and Trademark Office on September 10, 1997, Serial Number 75\354387, subject to pending opposition

“Allegiance Telecom” filed with the Patent and Trademark Office on September 10, 1997, Serial Number 75\354388, subject to pending opposition

allegiancetelecom,inc. and design filed with the Patent and Trademark Office on May 20, 1998, Serial Number 75\488245, subject to pending opposition

“New Way For Business To Connect” filed with the Patent and Trademark Office on February 17, 1998, Serial Number 75\434707

Patents Issued: None

Patents Pending: None

U.S. Copyrights and Mask Works: None

Foreign Copyright and Mask Works Registrations: None

Pending U.S. Copyrights and Mask Words: None

Pending Foreign Copyright and Mask Works: None

**SCHEDULE 3.3 to Pledge and Security Agreement  
(Intellectual Property Exceptions)**

See Schedule 1(c) above relating to the trademark oppositions.

**SCHEDULE 3.4 to Pledge and Security Agreement  
(Location of Equipment and Inventory)**

See attached Schedule of Site Leases which is incorporated into and made a part of this Schedule 3.4. The tenant of each lease agreement is specified in Schedule 4.9(b) to the Credit Agreement. Allegiance is in the process of transferring all of these leases to Borrower.

See Collocation Report which is incorporated into and made a part of this Schedule 3.4. The property at each collocation site and each site listed in the Schedule of Site Leases attached hereto is owned by the respective state subsidiary where the property is located (i.e. if the property is located in Illinois, that property would be owned by Allegiance Telecom of Illinois, Inc.), except that:

- (i) the property at each Kivex site listed in the Schedule of Site Leases attached hereto is owned by Kivex, Inc.,
- (ii) the property at 401 Harrison Oaks, Raleigh, NC 27605 facility is owned by Kivex, Inc.,
- (iii) the property located at the former ConnectNet offices at 14651 Dallas Parkway, Suite 424 and 670, Dallas, Texas 75240 is owned by Internet Allegiance, Inc. and
- (iv) the property specified in the attached Schedule of Property is owned by the applicable entity stated in that schedule.

Also, Allegiance has certain telecommunications equipment owned by it located at customers' premises (i.e., routers).

**SCHEDULE 3.5 to Pledge and Security Agreement  
(Office Locations; Jurisdictions of Organization; Other Names)**

**Schedule 3.5(A)**

Chief Executive Office for all entities other than Kivex, Inc.	1950 N. Stemmons Freeway, Suite 3026, Dallas, Texas 75207
Chief Executive Office for Kivex, Inc.	3 Bethesda Metro Center, Suite 300 Bethesda, MD 20814
Office where Records are Kept Regarding the Accounts and all Originals of Chattel Paper that evidence Accounts, other than Kivex, Inc.	1950 N. Stemmons Freeway, Suite 3026, Dallas, Texas 75207  1349 Empire Central, Dallas, Texas 75247  4 Westbrook Corporate Center, Suite 400, Westchester, Illinois 60154
Office where Records are Kept Regarding the Accounts and all Originals of Chattel Paper that evidence Accounts for Kivex, Inc.	1950 N. Stemmons Freeway, Suite 3026, Dallas, Texas 75207  1349 Empire Central, Dallas, Texas 75247  4 Westbrook Corporate Center, Suite 400, Westchester, Illinois 60154

**Schedule 3.5(B)**

Allegiance Telecom of Virginia, Inc. is a Virginia corporation. ConnectNet, Inc. is a Texas corporation. All other Allegiance Telecom entities are Delaware corporations.

**Other**

Kivex, Inc. does business under the name, Kivex, an Allegiance Telecom company. ConnectNet, Inc. does business under the name, ConnectNet, an Allegiance Telecom company. All other Allegiance Telecom entities do business under the name Allegiance Telecom.



EXHIBIT A TO  
PLEDGE AND SECURITY AGREEMENT

PLEDGE SUPPLEMENT

This PLEDGE SUPPLEMENT, dated \_\_\_\_\_, is delivered pursuant to the Pledge and Security Agreement, dated as of February 15, 2000 (as it may be from time to time amended, modified or supplemented, the "*Security Agreement*"), among [Name of Grantor], as Grantor thereunder and hereunder, the other Grantors named therein, and Toronto Dominion (Texas), Inc., as Secured Party. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Pledge and Security Agreement.

Subject to the terms and conditions of the Security Agreement, Grantor hereby notifies to Secured Party of Grantor's right, title and interest in and to **[the assets listed on Supplemental Schedule 1 attached hereto]** (the "*Additional Collateral*"), in which assets a security interest has been granted pursuant to Section 1 of the Security Agreement, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located. The Additional Collateral shall be deemed to be part of the Collateral and hereafter subject to each of the terms and conditions of the Pledge and Security Agreement.

IN WITNESS WHEREOF, Grantor has caused this Supplement to be duly executed and delivered by its duly authorized officer as of \_\_\_\_\_.

[Name of Grantor]

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE 1(a) to Pledge and Security Agreement  
(Pledged Securities)**

**PLEDGED STOCK:**

<i>Pledgor</i>	<i>Issuer</i>	<i>Class of Stock</i>	<i>Stock Cert. No.</i>	<i>Par Value</i>	<i># of Shares Pledged</i>	<i>% and Type of Outstanding Pledged Stock Pledged</i>
Allegiance Telecom, Inc.	Allegiance Telecom Company Worldwide	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Arizona, Inc.	Common Stock	No. 2	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of California, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Colorado, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of The District of Columbia, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Florida, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Illinois, Inc.	Common Stock	No. 3	\$.01	1	100%

<i>Pledgor</i>	<i>Issuer</i>	<i>Class of Stock</i>	<i>Stock Cert. No.</i>	<i>Par Value</i>	<i># of Shares Pledged</i>	<i>% and Type of Outstanding Pledged Stock Pledged</i>
Allegiance Telecom Company Worldwide	Allegiance Telecom International, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Maryland, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Massachusetts, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Michigan, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Missouri, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of New York, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Ohio, Inc.	Common Stock	No. 2	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom Service Corporation	Common Stock	No. 3	\$.01	1	100%

<i>Pledgor</i>	<i>Issuer</i>	<i>Class of Stock</i>	<i>Stock Cert. No.</i>	<i>Par Value</i>	<i># of Shares Pledged</i>	<i>% and Type of Outstanding Pledged Stock Pledged</i>
Allegiance Telecom Company Worldwide	Allegiance Telecom of Texas, Inc.	Common Stock	No. 4	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Virginia, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Allegiance Telecom of Washington, Inc.	Common Stock	No. 3	\$.01	1	100%
Allegiance Telecom Company Worldwide	Internet Allegiance, Inc.	Common Stock	No. 3	\$.01	1	100%
Internet Allegiance, Inc.	Kivex, Inc.	Common Stock	No. 7	\$.01	100	100%
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INDEBTEDNESS:

PARTNERSHIP INTERESTS:

LLC INTERESTS:

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(Intellectual Property)**

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ConnectNet, Inc.	ConnectNet; Registration No. 2,092,491 ConnectNet; Registration No. 2,176,085

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(Intellectual Property Exceptions)**

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(Location of Equipment and Inventory)**

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See Collocation Report which is incorporated into and made a part of this Schedule 3.4. The property at each collocation site and each site listed in the Schedule of Site Leases attached hereto is owned by the respective state subsidiary where the property is located (i.e. if the property is located in Illinois, that property would be owned by Allegiance Telecom of Illinois, Inc.), except that:

- (i) the property at each Kivex site listed in the Schedule of Site Leases attached hereto is owned by Kivex, Inc.,
- (ii) the property at 401 Harrison Oaks, Raleigh, NC 27605 facility is owned by Kivex, Inc.,
- (iii) the property located at the former ConnectNet offices at 14651 Dallas Parkway, Suite 424 and 670, Dallas, Texas 75240 is owned by Internet Allegiance, Inc. and
- (iv) the property specified in the attached Schedule of Property is owned by the applicable entity stated in that schedule.

Also, Allegiance has certain telecommunications equipment owned by it located at customers' premises (i.e., routers).

**SCHEDULE 3.5 to Pledge and Security Agreement  
(Office Locations; Jurisdictions of Organization; Other Names)**

**Schedule 3.5(A)**

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Chief Executive Office for Kivex, Inc.	3 Bethesda Metro Center, Suite 300 Bethesda, MD 20814
Office where Records are Kept Regarding the Accounts and all Originals of Chattel Paper that evidence Accounts, other than Kivex, Inc.	1950 N. Stemmons Freeway, Suite 3026, Dallas, Texas 75207  1349 Empire Central, Dallas, Texas 75247  4 Westbrook Corporate Center, Suite 400, Westchester, Illinois 60154
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