



05-22-2000

U.S. Patent & TMOrc/TM Mail Rcpt Dt #57

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06-21-2000



Docket No.:

CHA715/2

Tab settings

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Walsh Healthcare Solutions, Inc.,

5.22.00

- Individual(s)
- General Partnership
- Corporation-State Arkansas
- Other
- Association
- Limited Partnership

Additional names(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Guaranty and Security Agreement
- Merger
- Change of Name

Execution Date: April 28, 2000

2. Name and address of receiving party(ies):

Name: The Chase Manhattan Bank, as Admin. Agent

Internal Address: _____

Street Address: 600 Fifth Avenue, 4th Floor

City: New York State: NY ZIP: 10020

Individual(s) citizenship _____

Association _____

General Partnership _____

Limited Partnership _____

Corporation-State _____

Other National Banking Association

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from Assignment)

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

75/932,856 75/668,764 75/668,762 75/932,857
75/569,983 75/668,765 75/668,772
75/668,763 75/668,761 75/668,773

B. Trademark Registration No.(s)

1,491,891
1,497,648
2,329,195

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Barry Bumgardner

Internal Address: _____

Street Address: Vinson & Elkins L.L.P.

2001 Ross Avenue, Suite 3700

City: Dallas State: TX ZIP: 75201

6. Total number of applications and registrations involved:.....

13

7. Total fee (37 CFR 3.41):.....\$ \$340.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

22-0365

06/20/2000 DNGUYEN 00000245 75932456

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01 FC:481
02 FC:482

40.00 DP
300.00 DP

9. 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.

Barry Bumgardner

Name of Person Signing

Signature

May 18, 2000

Date

Total number of pages including cover sheet, attachments, and document:

TRADEMARK

REEL: 002090 FRAME: 0265

Additional name(s) of conveying party(ies):

Walsh Heartland, L.L.C., a n Arkansas limited liability company

Walsh Southwest, L.L.C., a Texas limited liability company

Walsh Distribution, L.L.C., an Arkansas limited liability company

RXDirect, Inc., a Texas corporation

GUARANTY AND SECURITY AGREEMENT

made by

WALSH HEALTHCARE SOLUTIONS, INC.
WALSH HEARTLAND, L.L.C.
WALSH SOUTHWEST, L.L.C.
WALSH DISTRIBUTION, L.L.C.
and
RXDIRECT, INC.

in favor of

THE CHASE MANHATTAN BANK
as Administrative Agent

April 28, 2000

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GUARANTY AND SECURITY AGREEMENT, dated as of April 28, 2000, made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of THE CHASE MANHATTAN BANK, as Administrative Agent (in such capacity, the "Administrative Agent") for the ratable benefit of (a) the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Credit Agreement, dated as of April 28, 2000 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Walsh Healthcare Solutions, Inc., an Arkansas corporation ("Company"), Walsh Heartland, L.L.C., an Arkansas limited liability company ("Walsh Heartland"), Walsh Southwest, L.L.C., a Texas limited liability company ("Walsh Southwest"), Walsh Distribution, L.L.C., an Arkansas limited liability company ("Walsh Distribution") (Company, Walsh Heartland, Walsh Southwest and Walsh Distribution each a "Borrower", collectively, the "Borrowers"), the Administrative Agent and the Lenders, (b) the Issuing Banks (as defined in the Credit Agreement), and (c) the Secured Affiliates (as defined in the Credit Agreement).

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Grantors are affiliates and are engaged in related businesses and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement; and

WHEREAS, it is a condition precedent to (a) the obligation of the Lenders to make their respective extensions of credit to the Borrowers under the Credit Agreement and (b) the issuance of Letters of Credit by the Issuing Banks, that the Grantors shall have executed and delivered this Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce (a) the Lenders to make their respective extensions of credit to the Borrowers thereunder and (b) the Issuing Banks to issue Letters of Credit thereunder, each Grantor hereby agrees as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms which are defined in the UCC in effect on the date hereof are used herein as so defined: Accounts, Chattel Paper, Documents, Equipment, Farm Products, Instruments and Inventory.

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

"Agreement" shall mean this Guaranty and Security Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrowers Obligations" shall mean the collective reference to the unpaid principal of and interest on the Loans and Reimbursement Obligations and all other obligations and liabilities of Borrowers (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Loans and Reimbursement Obligations and interest accruing at the then applicable

rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to either Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Administrative Agent or any Lender (or, in the case of any Interest Rate Protection Agreement referred to below, any affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, this Agreement, the other Financing Documents, any Letter of Credit or any Interest Rate Protection Agreement entered into by either Borrower with any Lender (or any affiliate of any Lender) or any other document made, delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by either Borrower pursuant to the terms of any of the foregoing agreements).

"Collateral" shall have the meaning provided in Section 3.

"Collateral Account" shall mean any collateral account established by the Administrative Agent as provided in Section 6.1 or 6.4.

"Copyright Licenses" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright and including further, without limitation, any of the foregoing listed in Schedule 6.

"Copyrights" shall mean (i) all copyrights, in the United States or any other country, whether registered or unregistered, or published or unpublished, including, without limitation, those listed in Schedule 6, all registrations and recordings thereof and all applications in connection therewith, including, without limitation, all registrations, recordings and applications listed in Schedule 6, and (ii) the right to obtain all renewals thereof.

"Disposition" shall mean, with respect to any Pledged Security, any sale, assignment, conveyance, transfer or other disposition thereof; and the terms "Dispose" and "Disposed of" shall have correlative meanings.

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

"Guaranteed Parties" shall mean the collective reference to the Administrative Agent, each Lender, the Issuing Banks and each Secured Affiliate.

"Guarantors" shall mean each Grantor hereunder other than the Borrowers.

"Guarantor Obligations" shall mean with respect to any Guarantor, the collective reference to (i) the Borrowers Obligations, and (ii) all obligations and liabilities of such Guarantor which may arise under or in connection with this Agreement or any other Financing Document to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees indemnities, costs, expenses or otherwise (including, without limitations, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Financing Document). Notwithstanding the foregoing, "Guarantor Obligations" shall not include, with respect to any Guarantor, any portion of the indebtedness, obligations and liabilities described in clauses (i) and (ii) preceding with respect to which such Guarantor is a primary obligor.

"Intellectual Property" shall mean all rights, priorities and privileges provided under U.S., multinational and foreign law relating to intellectual property, including without limitation, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Issuers" shall mean the collective reference to each issuer of Pledged Equity.

"Obligations" shall mean (i) in the case of Borrowers, their Borrowers Obligations, and (ii) in the case of each Guarantor, its Guarantor Obligations.

"Patent License" shall mean all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including, without limitation, any of the foregoing referred to in Schedule 6.

"Patents" shall mean (i) all letters patent of the United States or any other country and all reissues and extensions thereof, including, without limitation, any of the foregoing referred to in Schedule 6, (ii) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any of the foregoing referred to in Schedule 6, and (iii) all rights to obtain any reissues or extensions of the foregoing.

"Pledged Equity" shall mean, without limitation, the shares, membership interests or other evidence of or designation of Equity listed on Schedule 2, together with any other shares, stock certificates, certificates of interests, options or rights of any nature whatsoever in respect of the Equity of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect to the extent that the pledge of such Equity of any Person hereunder is not prohibited by applicable law or by the organizational documents of such Person.

"Pledged Notes" shall mean all promissory notes issued to or held by any Grantor.

"Pledged Securities" shall mean the collective reference to the Pledged Notes and the Pledged Equity.

"Proceeds" shall mean all "proceeds" as such term is defined in Section 9-306(1) of the UCC in effect on the date hereof and, in any event, shall include, without limitation, all dividends or other income from the Pledged Securities, collections thereon or distributions or payments with respect thereto.

"Receivable" shall mean any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Trademark License" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including, without limitation, any of the foregoing referred to in Schedule 6.

"Trademarks" shall mean (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, including, without limitation, any of the foregoing referred to in Schedule 6, and (ii) the right to obtain all renewals thereof.

"Undelivered Instruments" shall have the meaning provided in Section 4.8.

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

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

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

SECTION 2. GUARANTY

2.1 Guaranty. (a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Guaranteed Parties and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrowers when due (whether at the stated maturity, by acceleration or otherwise) of the Guarantor Obligations.

(b) Anything herein or in any other Financing Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Financing Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws

relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Guarantor agrees that the Guarantor Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guaranty contained in this Section 2 or affecting the rights and remedies of any Guaranteed Party hereunder.

(d) The guaranty contained in this Section 2 shall remain in full force and effect until all the Guarantor Obligations and the obligations of each Guarantor under the guaranty contained in this Section 2 shall have been satisfied by payment in full, no Letter of Credit shall be outstanding and the Commitments shall have been terminated, notwithstanding that from time to time during the term of the Credit Agreement the Borrowers may be free from any Guarantor Obligations.

(e) No payment made by the Borrowers, any of the Guarantors, any other guarantor or any other Person or received or collected by the Administrative Agent or any other Guaranteed Party from the Borrowers, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Guarantor Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Guarantor Obligations or any payment received or collected from such Guarantor in respect of the Guarantor Obligations), remain liable for the Guarantor Obligations up to the maximum liability of such Guarantor hereunder until, subject to Section 2.6, the Guarantor Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated.

2.2 Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the other Guaranteed Parties, and each Guarantor shall remain liable to the Administrative Agent and the other Guaranteed Parties for the full amount guaranteed by such Guarantor hereunder.

2.3 Subordination of Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by the Administrative Agent or any other Guaranteed Party, no Guarantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any other Guaranteed Party against the Borrowers or any other Guarantor or any collateral security or guaranty or right of offset held by the Administrative Agent or any other Guaranteed Party for the payment of the Guarantor Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrowers or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Administrative Agent and the other Guaranteed Parties by the Borrowers on account of the Guarantor Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Guarantor Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Guaranteed Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative

Agent, if required), to be applied against the Guarantor Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

2.4 Amendments, etc. with respect to the Guarantor Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Guarantor Obligations made by the Administrative Agent or any other Guaranteed Party may be rescinded by the Administrative Agent or such Guaranteed Party and any of the Guarantor Obligations continued, and the Guarantor Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guaranty therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any other Guaranteed Party, and the Credit Agreement and the other Financing Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, in accordance with the terms of the Credit Agreement and any collateral security, guaranty or right of offset at any time held by the Administrative Agent or any other Guaranteed Party for the payment of the Guarantor Obligations may be sold, exchanged, waived, surrendered or released. No Guaranteed Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Guarantor Obligations or for the guaranty contained in this Section 2 or any property subject thereto.

2.5 Guaranty Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Guarantor Obligations and notice of or proof of reliance by the Administrative Agent or any other Guaranteed Party upon the guaranty contained in this Section 2 or acceptance of the guaranty contained in this Section 2; the Guarantor Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guaranty contained in this Section 2; and all dealings between the Borrowers and any of the Guarantors, on the one hand, and any of the Guaranteed Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guaranty contained in this Section 2. Each Guarantor waives diligence, presentment, protest, demand for payment, notice of intent to accelerate, notice of acceleration and notice of default or nonpayment to or upon either Borrower or any of the Guarantors with respect to the Guarantor Obligations. Each Guarantor understands and agrees that the guaranty contained in this Section 2 shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to (a) the validity or enforceability of the Credit Agreement or any other Financing Document, any of the Guarantor Obligations or any other collateral security therefor or guaranty or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any other Guaranteed Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by either Borrower or any other Person against the Administrative Agent or any other Guaranteed Party, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrowers or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrowers for the Guarantor Obligations, or of such Guarantor under the guaranty contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Administrative Agent or any other Guaranteed Party may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrowers, any other Guarantor or any other Person or against any collateral security or guaranty for the Guarantor Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any other Guaranteed Party to make any such demand, to pursue such other rights or remedies or to collect

any payments from the Borrowers, any other Guarantor or any other Person or to realize upon any such collateral security or guaranty or to exercise any such right of offset, or any release of the Borrowers, any other Guarantor or any other Person or any such collateral security, guaranty or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any other Guaranteed Party against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

2.6 Reinstatement. The guaranty contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Guarantor Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any other Guaranteed Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of either Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, either Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.7 Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim and in immediately available funds and in Dollars at the Payment Office, not later than 12:00 noon, New York, New York time.

SECTION 3. GRANT OF SECURITY INTEREST

Each Grantor hereby grants to the Administrative Agent, for the ratable benefit of the Guaranteed Parties, a security interest in, and lien on, all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest, other than Excluded Collateral (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations:

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Documents;
- (d) all Equipment;
- (e) all General Intangibles;
- (f) all Instruments;
- (g) all Intellectual Property (to the extent assignable);
- (h) all Inventory;
- (i) all Pledged Securities;

(j) all books and records pertaining to the Collateral; and

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

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent, the Issuing Banks and the Lenders to enter into the Credit Agreement and to induce (a) the Lenders to make their respective extensions of credit to the Borrowers thereunder, (b) the Issuing Banks to issue Letters of Credit thereunder, and (c) the Secured Affiliates to enter into Interest Rate Swap Agreements, each Grantor hereby represents and warrants to the Administrative Agent and each other Guaranteed Party that:

4.1 Representations in Credit Agreement. In the case of each Grantor, the representations and warranties set forth in Article 5 of the Credit Agreement as they relate to such Grantor or to the Financing Documents to which such Grantor is a party, each of which is hereby incorporated herein by reference, are true and correct in all material respects, and the Administrative Agent and each other Guaranteed Party shall be entitled to rely on each of them as if they were fully set forth herein.

4.2 Title; No Other Liens. Except for the security interest granted to the Administrative Agent for the ratable benefit of the Guaranteed Parties pursuant to this Agreement and the other Liens expressly permitted to exist by the Credit Agreement, such Grantor owns or will own each item of the Collateral free and clear of any and all Liens or claims of others. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Administrative Agent, for the ratable benefit of the Guaranteed Parties, pursuant to this Agreement or as are expressly permitted by the Credit Agreement.

4.3 Perfected First Priority Liens. The security interests granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 3 (which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Administrative Agent in completed and duly executed form) will constitute valid perfected security interests in all of the Collateral in favor of the Administrative Agent, for the ratable benefit of the Guaranteed Parties, as collateral security for such Grantor's Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor subject to (i) bankruptcy, insolvency, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity), and (b) are prior to all other Liens on the Collateral in existence on the date hereof except for existing Liens disclosed on Schedule 7.3 to the Credit Agreement, and except for unrecorded Liens expressly permitted by the Credit Agreement which have priority over the Liens on the Collateral by operation of law.

4.4 Chief Executive Office. On the date hereof, such Grantor's jurisdiction of organization and the location of such Grantor's chief executive office or sole place of business are specified on Schedule 4.

4.5 Inventory and Equipment. On the date hereof, the Inventory (other than In-Transit Inventory) and the Equipment (other than mobile goods) are kept at the locations listed on Schedule 5.

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

4.7 Pledged Securities. (a) The shares of Pledged Equity pledged by such Grantor hereunder constitute all the issued and outstanding shares or interests of all classes of the Equity of each Issuer owned by such Grantor.

(b) All the shares of the Pledged Equity issued by corporate issuers have been duly and validly issued are fully paid and nonassessable.

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

(d) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Pledged Securities pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement and except for unrecorded Liens expressly permitted by the Credit Agreement which have priority over the Liens on the Collateral by operation of law.

4.8 Undelivered Instruments. The aggregate of all amounts payable to the Grantors under or in connection with any (a) Pledged Note or (b) Receivable that is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent (collectively, "Undelivered Instruments") does not exceed \$10,000.

4.9 Intellectual Property. (a) Schedule 6 lists all Intellectual Property owned or licensed by such Grantor in its own name on the date hereof.

(b) All Intellectual Property of such Grantor is on the date hereof valid, subsisting, unexpired, enforceable, has not been abandoned, and does not infringe the Intellectual Property rights of a third party.

(c) Except as set forth in Schedule 6, none of the Intellectual Property is on the date hereof the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

(d) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or such Grantor's rights in, any Intellectual Property.

(e) No action or proceeding is pending or, to the knowledge of such Grantor, threatened on the date hereof seeking to limit, cancel or question the validity, or such Grantor's ownership, of any Intellectual Property.

SECTION 5. COVENANTS

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

5.1 Covenants in Credit Agreement. In the case of each Grantor, such Grantor shall take, or shall refrain from taking, as the case may be, each action that is necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by such Grantor or any of its Subsidiaries.

5.2 Delivery of Instruments and Chattel Paper. If the aggregate of all amounts payable to the Grantors pursuant to Undelivered Instruments shall exceed \$10,000 such Undelivered Instruments, to the extent necessary to eliminate such excess, shall be immediately delivered to the Administrative Agent, duly indorsed in a manner satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement.

5.3 Insurance. Each Grantor shall cause each casualty insurance policy maintained by it to (a) provide that no cancellation, reduction in amount or change in coverage thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof, (b) name the Administrative Agent as insured party or loss payee, and (c) otherwise satisfy the requirements set forth in the Credit Agreement.

5.4 Maintenance of Perfected Security Interest; Further Documentation. (a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.3 and shall defend such security interest against the claims and demands of all Persons whomsoever.

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

(c) At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute, deliver and/or have recorded with appropriate agencies such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby.

5.5 Changes in Locations, Name, etc. Such Grantor will not, except upon 30 days' prior written notice to the Administrative Agent and delivery to the Administrative Agent of all additional executed financing statements and other documents reasonably requested by the Administrative Agent to maintain the validity, perfection and priority of the security interests provided for herein:

(a) permit any of the Inventory or Equipment to be kept at a location other than those listed on Schedule 5;

(b) change the location of its chief executive office or sole place of business from that referred to in Section 4.4; or

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

5.6 Notices. Such Grantor will advise the Administrative Agent promptly, in reasonable detail, of any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral which would adversely affect the ability of the Administrative Agent to exercise any of its remedies hereunder.

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

(b) Without the prior written consent of the Administrative Agent, or as may be permitted by the terms of the Credit Agreement (including, without limitation, Sections 7.14 and 7.17 of the Credit Agreement), such Grantor will not (i) vote to enable, or take any other action to permit, any Issuer to issue any stock or other equity securities of any nature (except to the extent such stock, membership interests, or other securities are pledged to the Administrative Agent hereunder) or to issue any other securities convertible into or granting the right to purchase or exchange for any stock, membership interests, or other equity securities of any nature of any Issuer, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Pledged Securities or Proceeds thereof (except pursuant to a transaction permitted by the Credit Agreement), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Pledged Securities or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or other Liens permitted by the Credit Agreement, or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor

or the Administrative Agent to Dispose of any of the Pledged Securities or Proceeds thereof (except, in the case of this clause (iv), in connection with a Disposition expressly permitted by the Credit Agreement).

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Pledged Securities issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Administrative Agent promptly in writing of the occurrence of any of the events described in Section 5.7(a) with respect to the Pledged Securities issued by it, and (iii) the terms of Sections 6.3 and 6.7 shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3 or 6.7 with respect to the Pledged Securities issued by it.

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

(b) If at any time the aggregate amount owing to the Grantors on all Accounts as to which a Governmental Authority is an obligor exceeds 5% of the aggregate amount owing to the Grantors on all Accounts, Company shall so notify the Administrative Agent and, if requested by the Administrative Agent, at the Grantors' sole cost and expense, from and after the date on which such aggregate amount first exceeds such percentage, deliver to the Administrative Agent such assignments, notices of assignment and other documents or information as shall be necessary or otherwise reasonably requested by the Administrative Agent to permit the assignment hereunder of all Accounts as to which a Governmental Authority is an obligor pursuant to all applicable Governmental Requirements (including, without limitation, the Assignment of Claims Act of 1940, as amended).

5.9 Intellectual Property. (a) To the extent deemed necessary by such Grantor in the exercise of its reasonable business judgment, such Grantor (either itself or through licensees) will (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its then-current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) use such Trademark with all notices and legends required by applicable law or regulations, and (iv) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way.

(b) To the extent deemed necessary by such Grantor in the exercise of its reasonable business judgment, such Grantor (either itself or through licensees) will not do any act, or omit to do any act, whereby any Patent may become forfeited, abandoned or dedicated to the public.

(c) To the extent deemed necessary by such Grantor in the exercise of its reasonable business judgment, such Grantor (either itself or through licensees) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any portion of the Copyrights may become invalidated or otherwise impaired. To the extent deemed necessary by such Grantor in the exercise of its reasonable business judgment, such Grantor will not (either itself or through licensees) do any act whereby any of the Copyrights may fall into the public domain.

(d) To the extent deemed necessary by such Grantor in the exercise of its reasonable business judgment, such Grantor (either itself or through licensees) will not do any act that knowingly uses any Intellectual Property to infringe the Intellectual Property rights of a third party.

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

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

(g) Such Grantor will take all commercially reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the U.S. Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain each registration of the Intellectual Property which if not maintained would cause a Material Adverse Effect, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(h) In the event that any Intellectual Property is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances, or as otherwise requested by the Administrative Agent, to protect such Intellectual Property which if not protected would cause a Material Adverse Effect, and (ii) promptly notify the Administrative Agent and the other Guaranteed Parties after it learns thereof.

SECTION 6. REMEDIAL PROVISIONS

6.1 Certain Matters Relating to Receivables. (a) In accordance with the provisions of Section 6.10(1) of the Credit Agreement, the Administrative Agent shall have the right to make test verifications of the Eligible Accounts and Eligible Inventory in the manner set forth in the Credit Agreement, and each Grantor shall furnish all such assistance and information as the Administrative Agent may reasonably require in connection with such test verifications. At any time while an Event of Default shall have occurred and be continuing, upon the Administrative Agent's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Administrative Agent to furnish to the Administrative Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

(b) The Administrative Agent hereby authorizes each Grantor to collect such Grantor's Receivables, and the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative Agent for the account of the Guaranteed Parties only as provided in Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Administrative Agent and the other Guaranteed Parties, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

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

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

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

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. No Guaranteed Party shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any other Guaranteed Party of any payment relating thereto, nor shall the Administrative Agent or any other Guaranteed Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto) to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3 Pledged Equity. (a) Unless an Event of Default shall have occurred and be continuing, each Grantor shall be permitted to receive all cash dividends, payments or other Proceeds paid in respect of the Pledged Equity and all payments made in respect of the Pledged Notes, to the extent permitted in the Credit Agreement, and to exercise all voting and corporate rights with respect to the Pledged Securities; provided, however, that no vote shall be cast or corporate right exercised or other action taken which, in the Required

Lenders' reasonable judgment, would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Financing Document.

(b) If an Event of Default shall occur and be continuing, (i) except for distributions permitted by the last sentence of Section 7.5 to the Credit Agreement, the Administrative Agent shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Pledged Securities and make application thereof to the Obligations in such order as the Administrative Agent may determine, and (ii) any or all of the Pledged Securities shall be registered in the name of the Administrative Agent or its nominee, and the Administrative Agent or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Pledged Securities at any meeting of shareholders or members of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Pledged Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any Issuer, or upon the exercise by any Grantor or the Administrative Agent of any right, privilege or option pertaining to such Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent may determine), all without liability except to account for property actually received by it, but the Administrative Agent and the other Guaranteed Parties shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

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

6.4 Proceeds to be Turned Over To Administrative Agent. In addition to the rights of the Administrative Agent and the other Guaranteed Parties specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Administrative Agent and the other Guaranteed Parties segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent hereunder shall be held by the Administrative Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Administrative Agent in a Collateral Account (or by such Grantor in trust for the Administrative Agent and the other Guaranteed 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 6.5.

6.5 Application of Proceeds. At any time after the occurrence and during the continuance of an Event of Default, at the Administrative Agent's election, the Administrative Agent may apply all or any part of Proceeds held in any Collateral Account in payment of the Obligations in such order as the Administrative Agent may elect, and any part of such funds which the Administrative Agent elects not so

to apply and deems not required as collateral security for the Obligations shall be paid over from time to time by the Administrative Agent to Company or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Obligations shall have been paid in full, no Letters of Credit shall be outstanding and the Commitments shall have terminated, shall be paid over to Company or to whomsoever may be lawfully entitled to receive the same.

6.6 UCC and Other Remedies. If an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Guaranteed Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind, including, without limitation, notice of intent to accelerate or notice of acceleration, (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any other Guaranteed Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent or any other Guaranteed Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the other Guaranteed Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Administrative Agent may elect consistent with the terms of the Credit Agreement, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the UCC, need the Administrative Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any other Guaranteed Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

6.7 Restricted Securities. Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Equity, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and

other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner.

The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Equity for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so, and Issuers shall be under no obligation to so register such securities and Grantors shall be under no obligation to cause Issuers to so register such securities.

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

SECTION 7. THE ADMINISTRATIVE AGENT

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

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

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

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

(iv) execute, in connection with any sale provided for in Section 6.6 or 6.7, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

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

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

(c) The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the rate per annum at which interest would then be payable under the Credit Agreement on past due Base Rate Loans, from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2 Duty of Administrative Agent. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. None of the Administrative Agent, any other Guaranteed Party, nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the other Guaranteed Parties hereunder are solely to protect the Administrative

Agent's and the other Guaranteed Parties' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any other Guaranteed Party to exercise any such powers. The Administrative Agent and the other Guaranteed Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

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

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

SECTION 8. MISCELLANEOUS

8.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.2 of the Credit Agreement.

8.2 Notices. All notices, requests and demands to or upon the Administrative Agent, any other Guaranteed Party, or any Grantor hereunder shall be effected in the manner provided for in Section 10.1 of the Credit Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1 hereto.

8.3 No Waiver by Course of Conduct; Cumulative Remedies. Neither the Administrative Agent nor any other Guaranteed Party shall by any act (except by a written instrument pursuant to Section 8.1 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any other Guaranteed Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any other Guaranteed Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such other Guaranteed Party would otherwise have on any future occasion. The

rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4 Enforcement Expenses; Indemnification. (a) Each Guarantor agrees to pay or reimburse the Administrative Agent and each other Guaranteed Party for all its costs and expenses incurred in collecting against such Guarantor under the guaranty contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Financing Documents to which such Guarantor is a party, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent and each other Guaranteed Party.

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

(c) Each Guarantor agrees to pay, and to save the Administrative Agent and the other Guaranteed Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the same extent the Borrowers would be required to do so pursuant to Section 10.4 of the Credit Agreement.

(d) The agreements in this Section 8.4 shall survive repayment of the Obligations and all other amounts payable under the Credit Agreement and the other Financing Documents.

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

8.6 Set-Off. In addition to any rights and remedies of the Administrative Agent and the other Guaranteed Parties provided by law, the Administrative Agent and each other Guaranteed Party shall have the right, without prior notice to any Grantor, any such notice being expressly waived by each Grantor to the extent permitted by applicable law, upon any amount becoming due and payable by any Grantor hereunder (whether at the stated maturity, by acceleration or otherwise) to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Guaranteed Party or any branch or agency thereof to or for the credit or the account of such Grantor. The Administrative Agent and each other Guaranteed Party agrees promptly to notify the relevant Grantor and (if applicable) the Administrative Agent after any such set off and application made by the Administrative Agent or such other Guaranteed Party, provided that the failure to give such notice shall not affect the validity of such set off and application.

8.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken

together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with Borrowers and the Administrative Agent.

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

8.9 ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS EMBODY THE ENTIRE AGREEMENT AND UNDERSTANDING BETWEEN THE ADMINISTRATIVE AGENT, THE OTHER GUARANTEED PARTIES, THE GRANTORS AND THE OTHER RESPECTIVE PARTIES HERETO AND THERETO AND SUPERSEDE ALL PRIOR AGREEMENTS AND UNDERSTANDINGS BETWEEN SUCH PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

8.10 Governing Law; Submission to Jurisdiction; etc.

(a) Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND, TO THE EXTENT CONTROLLING, LAWS OF THE UNITED STATES OF AMERICA, EXCEPT TO THE EXTENT THAT THE LAWS OF ANY STATE IN WHICH ANY OF THE COLLATERAL IS LOCATED NECESSARILY GOVERNS THE VALIDITY, PERFECTION, PRIORITY AND ENFORCEABILITY, AND THE EXERCISE OF ANY REMEDIES WITH RESPECT TO ANY LIEN OR SECURITY INTEREST INTENDED TO BE CREATED OR GRANTED HEREBY ON COLLATERAL LOCATED IN SUCH STATE.

(b) SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE OTHER FINANCING DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH GRANTOR HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH GRANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, BUT NOT LIMITED TO, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

(c) WAIVER OF JURY TRIAL & CONSEQUENTIAL DAMAGES. TO THE MAXIMUM EXTENT ALLOWED BY APPLICABLE LAW, EACH OF THE GRANTORS, THE ADMINISTRATIVE AGENT, AND THE OTHER GUARANTEED PARTIES (i) IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY FINANCING DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN; (ii) IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES; (iii) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK

TO ENFORCE THE FOREGOING WAIVER; AND (IV) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER FINANCING DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BASED UPON, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION.

(d) Designation of Process Agent. Each Grantor hereby irrevocably designates CT Corporation System, with an office on the date hereof at 350 N. St. Paul, Suite 2900, Dallas, Texas 75201, as the designee, appointee and process agent of such Grantor to receive, for and on behalf of such Grantor, service of process in such respective jurisdictions in any legal action or proceeding with respect to this Agreement or the other Financing Documents. It is understood that a copy of such process served on such agent will be promptly forwarded by mail to each Grantor at its address set forth opposite its signature below, but the failure of such Grantor to receive such copy shall not affect in any way the service of such process. Each Grantor further irrevocably consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such Grantor at its said address, such service to become effective on the earlier to occur of (i) actual receipt of such service of process and (ii) 30 days after such mailing.

(e) Service of Process. Nothing herein shall affect the right of the Administrative Agent or any other Guaranteed Party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any Grantor in any other jurisdiction.

8.11 Acknowledgments. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Financing Documents;

(b) neither the Administrative Agent nor any other Guaranteed Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Financing Documents, and the relationship between Administrative Agent and the other Guaranteed Parties, on one hand, and the Grantors, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

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

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

8.13 Additional Grantors. Each Subsidiary of Company that is required to become a party to this Agreement pursuant to Section 6.9 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex I hereto.

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

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

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

WALSH HEALTHCARE SOLUTIONS, INC.

By: Ronald G. Nelson
Name: Ronald G. Nelson
Title: Chief Executive Officer

WALSH HEARTLAND, L.L.C.

By: Walsh Healthcare Solutions, Inc., its sole member

By: Ronald G. Nelson
Name: Ronald G. Nelson
Title: Chief Executive Officer

WALSH SOUTHWEST, L.L.C.

By: Walsh Healthcare Solutions, Inc., its sole member

By: Ronald G. Nelson
Name: Ronald G. Nelson
Title: Chief Executive Officer

WALSH DISTRIBUTION, L.L.C.

By: Walsh Healthcare Solutions, Inc., its sole member

By: Ronald G. Nelson
Name: Ronald G. Nelson
Title: Chief Executive Officer

RX DIRECT, INC.

By: Ronald G. Nelson
Name: Ronald G. Nelson
Title: Vice President

ASSUMPTION AGREEMENT, dated as of _____, [200_], by _____, a _____ (the "Additional Grantor"), in favor of THE CHASE MANHATTAN BANK, as Administrative Agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

WITNESSETH:

WHEREAS, Walsh Healthcare Solutions, Inc., an Arkansas corporation ("Company"), Walsh Heartland, L.L.C., an Arkansas limited liability company ("Walsh Heartland"), Walsh Southwest, L.L.C., a Texas limited liability company ("Walsh Southwest") Walsh Distribution, L.L.C., an Arkansas limited liability company ("Walsh Distribution") (Company, Walsh Heartland, Walsh Southwest and Walsh Distribution each a "Borrower," collectively, the "Borrowers"), the Administrative Agent, and the Lenders have entered into a Credit Agreement, dated as of April __, 2000 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, Borrowers and certain of the Borrowers' subsidiaries (other than the Additional Grantor) have entered into the Guaranty and Security Agreement, dated as of April __, 2000 (as amended, supplemented or otherwise modified from time to time, the "Guaranty and Security Agreement") in favor of the Administrative Agent for the ratable benefit of the Guaranteed Parties (as defined therein);

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Guaranty and Security Agreement; and

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

NOW, THEREFORE, IT IS AGREED:

1. Guaranty and Security Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.13 of the Guaranty and Security Agreement, hereby becomes a party to the Guaranty and Security Agreement as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder. The information set forth in Annex 1-A hereto is hereby added to the information set forth in Schedules _____* to the Guaranty and Security Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 4 of the Guaranty and Security Agreement is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

* Refer to each Schedule which needs to be supplemented.

2. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND TO THE EXTENT CONTROLLING, LAWS OF THE UNITED STATES OF AMERICA.

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

[ADDITIONAL GRANTOR]

By: _____
Name:
Title:

ACKNOWLEDGMENT BY THE COMPANY:

By execution of this Assumption Agreement in the space provided below, the Company hereby acknowledges and agrees that the Equity described on Annex I has been issued by the Additional Grantor identified herein and is held by the Company and constitutes "Pledged Equity" comprising part of the Pledged Securities under the Guaranty and Security Agreement.

Dated: _____

WALSH HEALTHCARE SOLUTIONS, INC.

By: _____
Name:
Title:

Schedule 1

Notice Address

**WALSH HEALTHCARE SOLUTIONS, INC.
WALSH HEARTLAND, L.L.C.
WALSH SOUTHWEST, L.L.C.**

1702 Hampton Road
Texarkana, Texas 75503

Schedule 2
Pledged Equity

Walsh HealthCare Solutions, Inc.
Walsh Heartland, LLC
Walsh Southwest, LLC

<u>Walsh HealthCare Solutions, Inc.</u>	<u>Common Stock</u>
	<u>Shares</u>
DrugStore.com, Inc. Held on Account with Morgan Stanley Dean Witter	9640
Aligen Independent Laboratories, Inc.	100
Bergen Brunswig Corporation	130
Bindley Western Industries, Inc.	88
Cardinal Health, Inc./Cardinal Distribution, Inc.	157
Duckwall Alco Stores, Inc.	3
Durr-Fillauer Medical, Inc.	50
McKesson Corporation	50
Owens & Minor, Inc.	112
Priority Healthcare Corporation	43
	<u>Membership Interest</u>
Walsh Heartland LLC	100 %
Walsh Southwest LLC	100 %
Walsh Distribution L.L.C.	100 %

SCHEDULE 3
Recording Schedule
The Chase Manhattan Bank/Walsh
CHA715/81002

Walsh Healthcare Solutions, Inc.

Secretary of State of Texas
Secretary of State of Arkansas
Secretary of State of Pennsylvania
Bowie County, Texas (fixture filing) (only for distribution facility)
Pulaski County, Arkansas (personal property filing)
Dallas County, Texas (fixture filing)
Luzerne County, Pennsylvania (fixture filing)

Walsh Distribution, L.L.C.

Secretary of State of Texas
Secretary of State of Arkansas
Secretary of State of Pennsylvania
Bowie County, Texas (fixture filing) (only for distribution facility)
Pulaski County, Arkansas (personal property filing)
Dallas County, Texas (fixture filing)
Luzerne County, Pennsylvania (fixture filing)

Walsh Heartland, L.L.C.

Secretary of State of Texas
Secretary of State of Arkansas
Greene County, Arkansas (fixture filing)
Greene County, Arkansas (personal property filing)

Walsh Southwest, L.L.C.

Secretary of State of Texas
Bexar County, Texas (fixture filing)

Rx Direct, Inc.

Secretary of State of Texas
Lamar County, Texas (fixture filing)

Walsh Dohmen Southeast, L.L.C.

Secretary of State of Texas
Secretary of State of Alabama
Shelby County, Alabama (fixture filing)
Jefferson County, Alabama (fixture filing)

Schedule 4
Chief Executive Office

Walsh HealthCare Solutions, Inc.
Walsh Heartland, LLC
Walsh Southwest, LLC

Walsh HealthCare Solutions, Inc.

Jurisdiction of Incorporation: Arkansas

Location of Chief Executive Office:
1702 Hampton Road
Texarkana, Texas 75503

Walsh Heartland, L.L.C.

Jurisdiction of Organization: Arkansas

Location of Chief Executive Office:
c/o Walsh HealthCare Solutions, Inc.
1702 Hampton Road
Texarkana, Texas 75503

Walsh Southwest, L.L.C.

Jurisdiction of Organization: Texas

Location of Chief Executive Office:
c/o Walsh HealthCare Solutions, Inc.
1702 Hampton Road
Texarkana, Texas 75503

RX Direct, Inc.

Jurisdiction of Incorporation: Texas

Location of Chief Executive Office:
1445 Clarksville Street
Paris, Texas 75460

Schedule 5

Location of Inventory

**WALSH HEALTHCARE SOLUTIONS, INC.
WALSH HEARTLAND, L.L.C.
WALSH SOUTHWEST, L.L.C.**

Walsh HealthCare Solutions, Inc.

5005 State Line Avenue
Texarkana, TX 75503

Parcel #3, Hanover Crossings
Hanover Township, Pennsylvania
Luzerne County

4940 Eisenhower, Suite 201 (Walsh Southwest)
San Antonio, Bexar County, Texas

Landmark Building
101 East Broad Street
Texarkana, Miller County, Arkansas 71854

1702 Hampton Road
Texarkana, Bowie County, Texas 75503

Valwood Business Center
1132 Valwood Parkway
Carrollton, Dallas County, Texas 75506

Stateline Plaza Shopping Center
Suite 1, 3, and 5
5001 Stateline Avenue
Texarkana, Bowie County, Texas 75503

Walsh Heartland, L.L.C.

#1 Houston
Paragould, AR 75504

RX Direct, Inc.

Williamsburg Centre
1445 Clarksville Street
Paris, Texas 75460

Schedule 6

Intellectual Property

[attached]

Walsh Distribution, Inc.

Trademark Report by Mark
 Status: ACTIVE

Printed: 4/24/00 Page 1

COUNTRY	REFERENCE#	FILED	APPL#	REGDT	REG#	STATUS	CLASSES
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HEALTHCARE AMERICA

UNITED STATES	DL-M-62218	8/19/86	73/615,594	6/14/88	1,491,891	REGISTERED	05,16
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05 - Pharmaceutical products, namely analgesics, antihistamines, and decongestants.
 16 - Kits containing pharmaceutical merchandising material consisting primarily of newsletters, texts, pamphlets, lists and similar printed matter.

UNITED STATES	DL-M-67112	3/1/00	75/932,856			PENDING	35,42
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35 - Retail sales of over-the-counter drugs, prescription drugs, healthcare, home medical, personal care and beauty care products via a website on a global computer network.
 42 - Dissemination of information relating to nutrition, fitness, health, prevention of diseases, first aid, poison control, medications, medical tests and procedures and medicine via a website on a global computer network.

HEALTHCARE AMERICA & DESIGN

UNITED STATES	DL-M-62219	8/19/86	73/615,593	7/26/88	1,497,648	REGISTERED	16
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16 - Kits containing pharmaceutical merchandizing material consisting primarily of newsletters, texts, pamphlets, lists and similar printed matter.

UNITED STATES	DL-M-62217	10/14/98	75/569,983			PENDING	16,35,42
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16 - Pharmaceutical merchandising materials, namely, newsletters, texts, pamphlets, brochures, labels, lists, in-store promotional and point-of-sale signs.
 35 - Retail pharmacy and drug store services.
 42 - Providing health and medical information to pharmacies and drug stores.

UNITED STATES	DL-M-63634	3/26/99	75/668,763			PENDING	01,09
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01 - Unexposed photographic film.
 09 - Photographic flashbulbs, photographic cameras, sunglasses, blank computer diskettes, computer mouse pads, contact lens cases, protractors.

UNITED STATES	DL-M-63635	3/26/99	75/668,764			PENDING	10
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10 - Pacifiers for babies, nipples for baby bottles, baby bottles, baby nursers, breast pumps, breast pads and shields, teething rings, blood glucose testing strips, hypodermic syringes for diabetics, lancets, elastic bandages, braces for limbs and joints, hot/cold therapy packs, condoms, surgical masks, dental floss, dental floss holders and picks, tooth and gum cleaning brushes, dental picks, eye patches for medical use, liner bags for baby bottles, arch supports for boots and shoes, orthopedic foot pads.

UNITED STATES	DL-M-63636	3/26/99	75/668,765			PENDING	16
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16 - Disposable diapers, plastic wrap for food, facial tissue, bath tissue, paper towels, paper napkins, vacuum cleaner bags, photo albums, stationery, envelopes, pens, pencils, highlighting markeres and highlighting pens, pencil cases, crayons, markers, colored pencils, glue for stationery or household use, erasers, drawing compasses, correction fluids, pencil sharpeners, drawing rulers, stencils, paper fasteners, blank labels, paper clips, push pins, rubber bands, staples, stickers, gummed tape for stationery or household use, tape dispensers, thumbtacks, arts and crafts paint kits, paint brushes, children's paint sets, telephone/address books, file folders, file boxes for storage of personal and business records, diaries, personal planners, desktop planners, daily planners, calendars, date stamps, stamp pads, desk pads, dictionaries, thesaurus, computer paper.

UNITED STATES	DL-M-63642	3/26/99	75/668,761			PENDING	28
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28 - Athletic supporters, athletic tape, pet toys and chew bones.

UNITED STATES	DL-M-63631	3/26/99	75/668,762			PENDING	05
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05 - Pharmaceutical and over the counter preparations, namely, glucose tablets, oral analgesics, topical analgesics, sedatives, stimulants containing caffeine, motion sickness preparations, antacid preparations, diarrhea medication, laxative preparations, lactose intolerance preparations, baby formula, baby foods, baby nutritional supplements and baby electrolytes, cough, cold, allergy and sinus preparations, throat lozenges, cough drops, nasal sprays, drops, medication lip preparations, namely, creams and lip balms, asthma preparations, alcohol swabs for medical use, dietary and nutritional supplements, weight control preparations containing phenylpropanolamine hcl, contact lens cleaning and storing solutions and preparations, contact lens wetting solutions, eye drops, ear drops, antibiotic ear ointments, antibiotic ear creams, feminine personal moisturizing vaginal creams and jellies and personal lubricants, antifungal vaginal creams and jellies, pregnancy test kits for home use, in vitro ovulation prediction test kits for home use, sanitary napkins, tampons, sanitary belts and briefs, feminine personal deodorant sprays and suppositories, feminine douche preparations, feminine personal moisturizing preparations, adhesive bandages, medical adhesive cleaning, gauze, first aid kits, surgical dressings, hydrocortisone creams, antiseptic and anti-infection creams, medicated ointments and creams for treatment of diaper rash, pediculicide preparations, insect bite and poison ivy treatment preparations, medicated burn and sunburn lotions, creams and gels, petroleum jelly for medical use, anti-fungal products for the treatment of jock itch, corn, bunion, callus pads and plasters, athletes foot treatment preparations, medicated wart, corn, callus removing lotions, gels, denture adhesives, medicated mouthwash, gargles, mouth sore and toothache treatment preparations, acne treatment preparation, medicated skin soap, rubbing alcohol, hydrogen peroxide for medical use, epsom salts, smoking cessation patches, gums and preparations, vitamins, mineral supplements, herbal supplements, air fresheners and room deodorizers, flea collars, flea and tick treatment and preventative preparations, insect repellent preparations.

COUNTRY	REFERENCE#	FILED	APPL#	REGDT	REG#	STATUS	CLASSES
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HEALTHCARE AMERICA & DESIGN continued . . .

UNITED STATES	DL-M-63630	3/26/99	75/668,772			PENDING	03,21
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03 - Cosmetics and skin care preparations, toilet preparations and cleaning preparations, namely, baby oil, baby powder, baby lotion, baby shampoo, baby skin soap, baby bubble bath, non-medicated pre-moistened cosmetic towelettes, cotton swabs for personal use, non-medicated lip preparations, namely creams and lip balm, personal deodorants, non-medicated skin creams and lotions for diabetics, petroleum jelly for cosmetic purposes, hair shampoos and conditioners, hair oils, hair dressings, hair sprays, hair mousse, hair gels, hair spritz, hair permanent preparations, hair dye preparations, shaving cream, shaving gel, toothpaste, tooth powder, denture cleaning preparations, non-medicated mouthwash, breath fresheners, facial cleansing creams, gels and lotions, facial creams, gels and lotions, hand and body lotions and creams, skin and toilet soaps, shower gels, bath oil, bubble baths, bath beads, bath gel, body wash, body powder, cotton pads and puffs for cosmetic purposes, depilatory and bleaching preparations, suntan, sunscreen, sunblock lotions and creams, sunless tanning lotions and creams, makeup foundations, eye shadows, eye liners, massacres, blushes, lip liner, lipsticks, face powders, eye brow pencils, concealers, nail polish, nail polish remover, nail conditioning preparations, bathroom cleaners, oven cleaners, drain cleaners, rug cleaners, floor cleaners, window cleaners, floor and furniture waxes and polishes, emery boards.

21 - Body sponges, dental floss, dental floss holders, tooth and gum cleaning brushes.

UNITED STATES	DL-M-63633	3/26/99	75/668,773			PENDING	08
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08 - Razor blades, non-electric razors, disposable razors, scissors, tweezers, fingernail and toe nail clippers, nail files.

HEALTHCARE AMERICA.COM

UNITED STATES	DL-M-67658					MAILED	35,42
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35 - Retail sales of over-the-counter drugs, prescription drugs, healthcare, home medical, personal care and beauty care products via a website on a global computer network.

42 - Dissemination of information relating to nutrition, fitness, health, prevention of diseases, first aid, poison control, medications, medical tests and procedures and medicine via a website on a global computer network.

HEALTHCARE AMERICA.COM & DESIGN

UNITED STATES	DL-M-67372	3/1/00	75/932,857			PENDING	35,42
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35 - Retail sales of over-the-counter drugs, prescription drugs, healthcare, home medical, personal care and beauty care products via a website on a global computer network.

42 - Dissemination of information relating to nutrition, fitness, health, prevention of diseases, first aid, poison control, medications, medical tests and procedures and medicine via a website on a global computer network.

WALSHNET

UNITED STATES	DL-M-63692	3/17/99	75/662,291	3/14/00	2,329,195	REGISTERED	09
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09 - Computer software for use in inventory ordering.

END OF REPORT

TOTAL ITEMS SELECTED = 14