

06-11-2002

Form PTO-1594

(rev 3/1)



ET

U. S. Department of Commerce
Patent and Trademark Office

102118697

To the Honorable Commissioner of Patents

Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Collegiate Funding Services, L.L.C.

☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☐ Corporation
☒ Other – **Virginia Limited Liability Company**

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

3. Nature of conveyance:

☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other:

Execution Date: May 17, 2002

2. Name and Address of receiving party(ies)

**TCW/Crescent Mezzanine Management
 III, L.L.C., as Collateral Agent
 200 Park Avenue, Suite 2200,
 New York, NY 10166**

☐ Individual(s) citizenship

☐ Association
☐ General Partnership
☐ Limited Partnership
☐ Corporation

☒ Other **Delaware Limited Liability Company**

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 number(s):

A. Trademark Application No(s).

76194968

78116958

78116937

78116941

76386430

76386431

B. Trademark Registration No(s).

2480570

Additional numbers attached? ☐ Yes ☒ No

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

Steven M. Rosenthal, Esq.
 SKADDEN, ARPS, SLATE, MEAGHER
 & FLOM LLP
 Four Times Square
 New York, New York 10036-6522

6. Total number of applications/registrations involved: 77. Total fee (37 CFR 3.41) \$190

Check enclosed

☒ All fees and any deficiencies are authorized to be
 charged to Deposit Account

8. Deposit Account No. 19-2385

(Our Reference 690570/31)

06/10/2002 GTON11 00000099 192385 76194968

01 FC:481 40.00 CH
 02 FC:482 150.00 CH

DO NOT USE THIS SPACE

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.

Steven M. Rosenthal

Name

Signature

May 30, 2002

Date

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

PLEDGE AND SECURITY AGREEMENT

dated as of May 17, 2002

between

**COLLEGIATE FUNDING SERVICES, L.L.C.,
CFSL ACQUISITION CORP.,
CFSL HOLDINGS CORP.,
COLLEGEXIT.COM, L.L.C.,**

**COLLEGIATE FUNDING MASTER SERVICING, L.L.C.,
COLLEGIATE FUNDING PORTFOLIO ADMINISTRATION, L.L.C.,
EACH OTHER GRANTOR PARTY HERETO AFTER THE DATE HEREOF**

and

**TCW/CRESCENT MEZZANINE MANAGEMENT III, L.L.C.,
as Collateral Agent**

TABLE OF CONTENTS

PAGE

SECTION 1	<u>DEFINITIONS</u>	1
1.1	General Definitions	1
1.2	Definitions; Interpretation	9
SECTION 2	<u>GRANT OF SECURITY</u>	10
2.1	Grant of Security	10
2.2	Certain Limited Exclusions	10
SECTION 3	<u>SECURITY FOR OBLIGATIONS</u>	11
3.1	Security for Obligations	11
3.2	Continuing Liability under Collateral	11
SECTION 4	<u>REPRESENTATIONS AND WARRANTIES AND COVENANTS</u>	12
4.1	Generally	12
4.2	Equipment and Inventory	16
4.3	Receivables Contracts	18
4.4	Investment Related Property	21
4.5	Material Contracts	30
4.6	Letter of Credit Rights	32
4.7	Intellectual Property	33
4.8	Commercial Tort Claims	38
SECTION 5	<u>ACCESS; RIGHT OF INSPECTION AND FURTHER ASSURANCES; ADDITIONAL GRANTORS</u>	38
5.1	Access; Right of Inspection	38
5.2	Further Assurances	38
5.3	Additional Grantors	40
SECTION 6	<u>COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT; SUB-AGENT</u>	40
6.1	Power of Attorney	40
6.2	No Duty on the Part of Collateral Agent	41
6.3	Sub-Agent	41
SECTION 7	<u>REMEDIES</u>	42
7.1	Generally	42
7.2	Application of Proceeds	44
7.3	Sales on Credit	44
7.4	Investment Related Property	44
7.5	Intellectual Property	45
7.6	Cash Proceeds	47
SECTION 8	<u>COLLATERAL AGENT</u>	48

SECTION 9	<u>CONTINUING SECURITY INTEREST; TRANSFER OF SECURED OBLIGATIONS</u>	48
SECTION 10	<u>STANDARD OF CARE; COLLATERAL AGENT MAY PERFORM</u>	48
SECTION 11	<u>INDEMNITY AND EXPENSES</u>	49
SECTION 12	<u>MISCELLANEOUS</u>	49
12.1	Notices	49
12.2	Expenses	49
12.3	Amendments and Waivers	50
12.4	Successors and Assigns	50
12.5	Independence of Covenants	50
12.6	Survival of Representations, Warranties and Agreements	50
12.7	Marshaling; Payments Set Aside	51
12.8	Severability	51
12.9	Headings	51
12.10	GOVERNING LAW; SUBMISSION TO JURISDICTION	51
12.11	Counterparts	51
12.12	Effectiveness	52
12.13	Entire Agreement	52
SCHEDULE I –	GENERAL INFORMATION	
SCHEDULE II –	LOCATION OF EQUIPMENT AND INVENTORY	
SCHEDULE III –	INVESTMENT RELATED PROPERTY	
SCHEDULE IV –	MATERIAL CONTRACTS	
SCHEDULE V –	LETTERS OF CREDIT	
SCHEDULE VI –	INTELLECTUAL PROPERTY	
SCHEDULE VII –	COMMERCIAL TORT CLAIMS	
Annex A –	FORM OF PLEDGE SUPPLEMENT	
Annex B –	FORM OF ACCOUNT CONTROL AGREEMENT	

This PLEDGE AND SECURITY AGREEMENT, dated as of May 17, 2002 (this "Agreement"), among Collegiate Funding Services, L.L.C., a Virginia limited liability company (the "Company"), each of the undersigned affiliates of the Company and each additional Subsidiary of the Company that may become party hereto after the date hereof (the Company and such affiliates and Subsidiaries, each, a "Grantor"), and TCW/Crescent Mezzanine Management III, L.L.C. (together with any successor collateral agent pursuant to the terms of the Securities Purchase Agreement, the "Collateral Agent"), acting in the capacity of collateral agent for the benefit of holders of the Notes of the Company issued under the Securities Purchase Agreement.

RECITALS:

WHEREAS, reference is made to that certain Amended and Restated Securities Purchase Agreement, dated as of May 17, 2002 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Securities Purchase Agreement"), by and among the Company, each other Grantor party thereto, the holders of the Notes party thereto and the Collateral Agent.

WHEREAS, in consideration of the extension of credit as set forth in the Securities Purchase Agreement each Grantor has agreed to secure all obligations of the Company and each other Grantor under the Transaction Documents.

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

SECTION 1 DEFINITIONS

1.1 General Definitions. In this Agreement, the following terms shall have the following meanings:

"Account Control Agreement" shall mean each Account Control Agreement required to be entered into by any Grantor hereunder, substantially in the form of Annex B hereto.

"Account Debtor" shall mean each Person who is obligated on a Receivables Contract or any Supporting Obligation related thereto.

"Accounts" shall mean all "accounts" as defined in Article 9 of the UCC.

"Additional Grantors" shall mean those additional Persons that may become parties to this Agreement as additional Grantors, by executing a Pledge Supplement substantially in the form of Annex A attached hereto.

"Agreement" shall have the meaning set forth in the preamble.

"Authenticate" shall mean "authenticate" as defined in Article 9 of the UCC.

"Bankruptcy Code" shall mean Title 11 of the United States Code entitled "Bankruptcy", as now and hereafter in effect, or any successor statute.

"Cash Proceeds" shall mean all proceeds of any Collateral consisting of cash, checks or the like.

"Chattel Paper" shall mean all "chattel paper" as defined in Article 9 of the UCC, including, without limitation, "electronic chattel paper" or "tangible chattel paper", as each term is defined in the UCC.

"Collateral" shall have the meaning set forth in Section 2.1 hereof.

"Collateral Agent" shall have the meaning set forth in the preamble.

"Collateral Documents" shall mean this Agreement, the Account Control Agreement and all other instruments, documents and agreements delivered by any of the parties to the Transaction Documents pursuant to this Agreement or any other Transaction Document in order to grant or perfect a security interest or lien in favor of the Collateral Agent in or on any real, personal or mixed property of such party as security for the Secured Obligations.

"Collateral Records" shall mean books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks and related data processing software and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon.

"Collateral Support" shall mean all property (real or personal) assigned, hypothecated or otherwise securing any Collateral and shall include any security agreement or other agreement granting a lien on or security interest in such real or personal property.

"Commercial Tort Claims" shall mean all "commercial tort claims" as defined in the UCC, including, without limitation, all commercial tort claims listed and described with specification on Schedule VII hereto (as such schedule may be amended or supplemented from time to time).

"Controlled Foreign Corporation" shall mean "controlled foreign corporation" as defined in the Tax Code.

"Copyright Licenses" shall mean any and all agreements providing for the granting of any right in or to Copyrights (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule VI(b) (as such schedule may be amended or supplemented from time to time).

"Copyrights" shall mean all United States, state and foreign copyrights, all mask works fixed in semi-conductor chip products (as defined under 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, now or hereafter in force throughout the world, all registrations and applications therefor including, without limitation, the applications referred to in Schedule VI(a) (as such schedule may be amended or supplemented from time to time), all rights corresponding thereto throughout the world, all extensions and renewals of any thereof, the right to sue for past, present and future infringements of any of the foregoing, and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"Deposit Accounts" (i) shall mean all "deposit accounts" as defined in Article 9 of the UCC and (ii) shall include, without limitation, all of the accounts listed on Schedule III hereto under the heading "Deposit Accounts" (as such schedule may be amended or supplemented from time to time).

"Documents" shall mean all "documents" as defined in Article 9 of the UCC.

"Documents Evidencing Goods" shall mean all Documents evidencing, representing or issued in connection with Goods.

"Equipment" shall mean: (i) all "equipment" as defined in the UCC, (ii) all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, and tools (in each case, regardless of whether characterized as equipment under the UCC), (iii) all Fixtures and (iv) all accessions or additions thereto, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor thereto.

"Fixtures" shall mean all "fixtures" as defined in Article 9 of the UCC.

"General Intangibles" (i) shall mean all "general intangibles" as defined in Article 9 of the UCC, including "payment intangibles" also as defined in Article 9 of the UCC and (ii) shall include, without limitation, all interest rate or currency protection or hedging arrangements, all tax refunds and all licenses, permits, concessions and authorizations (in each case, regardless of whether characterized as general intangibles under the UCC).

"Goods" (i) shall mean all "goods" as defined in Article 9 of the UCC and (ii) shall include, without limitation, all Inventory, Equipment, Documents Evidencing Goods and Software Embedded In Goods.

"Indemnatee" shall mean the Collateral Agent, and its Affiliates' officers, partners, directors, trustees, employees, agents.

"Instruments" shall mean all "instruments" as defined in Article 9 of the UCC.

"Insurance" shall mean: (i) all insurance policies covering any or all of the Collateral (regardless of whether the Collateral Agent is the loss payee thereof) and (ii) any key man life insurance policies.

"Intellectual Property" shall mean, collectively, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets, and the Trade Secret Licenses.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, and any successor statute.

"Inventory" shall mean: (i) all "inventory" as defined in the UCC and (ii) all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished, all raw materials, work in process, finished goods, and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in any Grantor's business; all goods in which any Grantor has an interest in mass or a joint or other interest or right of any kind; and all goods which are returned to or repossessed by any Grantor, and all accessions thereto and products thereof (in each case, regardless of whether characterized as inventory under the UCC).

"Investment Accounts" shall mean the Securities Accounts and Deposit Accounts.

"Investment Related Property" shall mean: (a) all "investment property" (as such term is defined in Article 9 of the UCC) and (b) all of the following (regardless of whether classified as investment property under the UCC): all (i) Pledged Equity Interests, (ii) Pledged Debt, (iii) the Investment Accounts and (iv) certificates of deposit.

"Letter of Credit Right" shall mean "letter-of-credit right" as defined in the UCC.

"Material Contract" shall mean any contract or other arrangement to which any Grantor is a party for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect.

"Money" shall mean "money" as defined in the UCC.

"Non-Assignable Contract" shall mean any agreement, contract or license to which any Grantor is a party that by its terms purport to restrict or prevent the assignment or granting of a security interest therein (either by its terms or by any federal or state statutory prohibition or otherwise irrespective of whether such prohibition or restriction is enforceable under Sections 9-406 through 409 of the UCC).

"Non-payment Contract" means any contract or agreement to which any Grantor is a party other than any contract where the account debtor's principal obligation is a monetary obligation; provided, however that Non-payment Contracts shall not include any Receivables Contracts.

"Patent Licenses" shall mean all agreements providing for the granting of any right in or to Patents (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule VI(d) hereto (as such schedule may be amended or supplemented from time to time).

"Patents" shall mean all United States, state and foreign patents and applications for letters patent throughout the world, including, but not limited to each patent and patent application referred to in Schedule VI(c) hereto (as such schedule may be amended or supplemented from time to time), all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations of any of the foregoing, all rights corresponding thereto throughout the world, and all proceeds of the foregoing including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit and the right to sue for past, present and future infringements of any of the foregoing.

"Payment Intangible" shall have the meaning specified in the UCC.

"Permitted Sale" shall mean those Asset Sales, transfers or assignments permitted by the Securities Purchase Agreement.

"Pledged Alternative Equity Interests" shall mean all participation or other interests in any equity or profits of any business entity and the certificates, if any, representing such interests, all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such interests and any other warrant, right or option to acquire any of the foregoing; provided, however, that Pledged Alternative Equity Interests shall not include any Pledged Stock, Pledged Partnership Interests, Pledged LLC Interests and Pledged Trust Interests.

"Pledged Debt" shall mean all indebtedness for borrowed money owed to such Grantor, whether or not evidenced by any instrument or promissory note, including, without limitation, all indebtedness described on Schedule III hereto under the heading "Pledged Debt" (as such schedule may be amended or supplemented from time to time), all monetary obligations owing to any Grantor from any other Grantor, the instruments evidencing any of the foregoing, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing.

"Pledged Equity Interests" shall mean all Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests, Pledged Trust Interests and Pledged Alternative Equity Interests.

"Pledged LLC Interests" shall mean all interests in any limited liability company including, without limitation, all limited liability company interests listed on Schedule III hereto under the heading "Pledged LLC Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such limited liability company interests and any interest of such Grantor on the books and records of such limited liability company or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests and any other warrant, right or option to acquire any of the foregoing.

"Pledged Partnership Interests" shall mean all interests in any general partnership, limited partnership, limited liability partnership or other partnership including, without limitation, all partnership interests listed on Schedule III hereto under the heading "Pledged Partnership Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such partnership interests and any interest of such Grantor on the books and records of such partnership or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such partnership interests and any other warrant, right or option to acquire any of the foregoing.

"Pledged Stock" shall mean all shares of capital stock owned by such Grantor, including, without limitation, all shares of capital stock described on Schedule III hereto under the heading "Pledged Stock" (as such schedule may be amended or supplemented from time to time), and the certificates, if any, representing such shares and any interest of such Grantor in the entries on the books of the issuer of such shares or on the books of any securities intermediary pertaining to such shares, and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares and any other warrant, right or option to acquire any of the foregoing.

"Pledge Supplement" shall mean each Pledge Supplement required to be entered into by any Grantor or Additional Grantor hereunder, substantially in the form of Annex A hereto.

"Pledged Trust Interests" shall mean all interests in a Delaware business trust or other trust including, without limitation, all trust interests listed on Schedule III hereto under the heading "Pledged Trust Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such trust interests and any interest of such Grantor on the books and records of such trust or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in

exchange for any or all of such trust interests and any other warrant, right or option to acquire any of the foregoing.

"Proceeds" shall mean: (i) all "proceeds" as defined in Article 9 of the UCC, (ii) payments or distributions made with respect to any Investment Related Property and (iii) whatever is receivable or received when Collateral or proceeds are sold, leased, licensed, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

"Receivables Contracts" shall mean all (i) Accounts, (ii) Chattel Paper, (iii) Payment Intangibles, (iv) Instruments and (v) to the extent not otherwise covered above, all other rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, regardless of how classified under the UCC together with all of Grantors' rights, if any, in any goods or other property giving rise to such right to payment and all Collateral Support and Supporting Obligations related thereto and all Receivables Records; provided, however, that Receivables Contracts shall not include any Investment Related Property.

"Receivables Records" shall mean (i) all original copies of all documents, instruments or other writings or electronic records or other Records evidencing the Receivables Contracts, (ii) all books, correspondence, credit or other files, Records, ledger sheets or cards, invoices, and other papers relating to Receivables Contracts, including, without limitation, all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to the Receivables Contracts, whether in the possession or under the control of Grantor or any computer bureau or agent from time to time acting for any Grantor or otherwise, (iii) all credit information, reports and memoranda relating thereto and (iv) all other written or non-written forms of information related in any way to the foregoing or any Receivables Contract.

"Record" shall have the meaning specified in the UCC.

"Registered Organization" shall mean an organization organized solely under the law of a single State or the United States and as to which the State or the United States must maintain a public record showing the organization to have been organized.

"Secured Obligations" shall mean all obligations of every nature of each Grantor from time to time owed to the Collateral Agent or any other Secured Party hereunder or under any Transaction Document whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to such Grantor, would have accrued on any obligation, whether or not a claim is allowed against such Grantor for such interest in the related bankruptcy proceeding), expenses, indemnification claims or otherwise.

"Secured Party" shall mean the holders from time to time of any Secured Obligations.

"Securities" shall mean any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"Securities Accounts" (i) shall mean all "securities accounts" as defined in Article 8 of the UCC and (ii) shall include, without limitation, all of the accounts listed on Schedule III hereto under the heading "Securities Accounts" (as such schedule may be amended or supplemented from time to time).

"Securities Purchase Agreement" shall have the meaning set forth in the preamble.

"Software Embedded in Goods" means, with respect to any Goods, any computer program embedded in Goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the Goods in such a manner that it customarily is considered part of the Goods or (ii) by becoming the owner of the Goods a person acquires a right to use the program in connection with the Goods.

"State" shall mean a State of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

"Supporting Obligation" shall mean all "supporting obligations" as defined in the UCC.

"Tax Code" shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

"Trade Secret Licenses" shall mean any and all agreements providing for the granting of any right in or to Trade Secrets (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule VI(g) hereto (as such schedule may be amended or supplemented from time to time).

"Trade Secrets" shall mean all trade secrets and all other confidential or proprietary information and know-how now or hereafter owned or used in, or contemplated at any time for use in, the business of such Grantor (all of the foregoing being collectively called a "Trade Secret"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or referring in any way to such Trade Secret, the right to sue for past, present and future infringement of any Trade Secret, and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"Trademark Licenses" shall mean any and all agreements providing for the granting of any right in or to Trademarks (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule VI(f) hereto (as such schedule may be amended or supplemented from time to time).

"Trademarks" shall mean all United States, state and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, internet domain names, trade styles, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature, all registrations and applications for any of the foregoing including, but not limited to the registrations and applications referred to in Schedule VI(e) hereto (as such schedule may be amended or supplemented from time to time), all extensions or renewals of any of the foregoing, all of the goodwill of the business connected with the use of and symbolized by the foregoing, the right to sue for past, present and future infringement or dilution of any of the foregoing or for any injury to goodwill, and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"Transaction Documents" shall mean the Securities Purchase Agreement, this Agreement, the Notes, the Account Control Agreement and any other agreement, instrument, financing statement or document that evidences, sets forth or limits the Lien of the Collateral Agent and the holders of the Notes in the Collateral.

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

1.2 Definitions; Interpretation. All capitalized terms used herein (including the preamble and recitals hereto) and not otherwise defined herein shall have the meanings ascribed thereto in the Securities Purchase Agreement or, if not defined therein, in the UCC. References to "Sections," "Annexes" and "Schedules" shall be to Sections, Annexes and Schedules, as the case may be, of this Agreement unless otherwise specifically provided. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. If any conflict or inconsistency exists between this Agreement and the Securities Purchase Agreement, the Securities Purchase Agreement shall govern. All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

SECTION 2 GRANT OF SECURITY

2.1 Grant of Security. Each Grantor hereby grants to the Collateral Agent a security interest and continuing lien on all of such Grantor's right, title and interest in, to and under all personal property of such Grantor including, but not limited to the following, in each case whether now owned or existing or hereafter acquired or arising and wherever located (all of which being hereinafter collectively referred to as the "Collateral"):

- (i) Documents;
- (ii) Goods;
- (iii) Insurance;
- (iv) Intellectual Property;
- (v) Investment Related Property;
- (vi) Letter of Credit Rights;
- (vii) Money;
- (viii) Non-payment Contracts;
- (ix) Receivables Contracts and Receivable Records;
- (x) Commercial Tort Claims;
- (xi) to the extent not otherwise included above, all General Intangibles, Material Contracts, motor vehicles and other personal property of any kind and all Collateral Records, Collateral Support and Supporting Obligations relating to any of the foregoing; and
- (xii) to the extent not otherwise included above, all Proceeds, products, accessions, rents and profits of or in respect of any of the foregoing.

2.2 Certain Limited Exclusions. Notwithstanding anything herein to the contrary, in no event shall the security interest granted under Section 2.1 hereof attach to (a) any Lease, license, contract, property rights or agreement to which each Grantor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of any Grantor therein or (ii) in a breach or termination pursuant to the terms of, or a default under, any such Lease, license, contract property rights or agreement (other than to the extent that any such term would be rendered

ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity), provided, however, that such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation, unenforceability, breach, termination or default shall be remedied and, to the extent severable, shall attach immediately to any portion of such Lease, license, contract, property rights or agreement that does not result in any of the consequences specified in (i) or (ii), and each Grantor agrees to use all reasonable efforts to obtain all requisite consents to enable such Grantor to provide a security interest in such asset; or (b) in any of the outstanding capital stock of a Controlled Foreign Corporation in excess of 65% of the voting power of all classes of capital stock of such Controlled Foreign Corporation entitled to vote; provided that immediately upon the amendment of the Tax Code to allow the pledge of a greater percentage of the voting power of capital stock in a Controlled Foreign Corporation without adverse tax consequences, the Collateral shall include, and the security interest granted by each Grantor shall attach to, such greater percentage of capital stock of each Controlled Foreign Corporation.

SECTION 3 SECURITY FOR OBLIGATIONS.

3.1 Security for Obligations. This Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a) (and any successor provision thereof)), of all the Secured Obligations.

3.2 Continuing Liability under Collateral. Notwithstanding anything herein to the contrary, (i) each Grantor shall remain liable for all obligations under the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Collateral Agent or any Secured Party, (ii) each Grantor shall remain liable under each of the agreements included in the Collateral, including, without limitation, any agreements relating to Pledged Partnership Interests or Pledged LLC Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Collateral Agent nor any Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related thereto nor shall the Collateral Agent nor any Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including, without limitation, any agreements relating to Pledged Partnership Interests or Pledged LLC Interests, and (iii) the exercise by the Collateral Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral.

SECTION 4 REPRESENTATIONS AND WARRANTIES AND COVENANTS.

4.1 Generally.

(a) Representations and Warranties. Each Grantor hereby represents and warrants that:

- (i) it owns the Collateral purported to be owned by it or otherwise has the rights it purports to have in each item of Collateral and, as to all Collateral whether now existing or hereafter acquired, will continue to own or have such rights in each item of the Collateral, in each case free and clear of any and all Liens, rights or claims of all other Persons other than Permitted Liens;
- (ii) Such Grantor has been duly formed solely under the laws of the state of its organization and remains duly existing as such. Such Grantor has not filed any certificates of domestication, transfer or continuance in any other jurisdiction.
- (iii) the execution and delivery of this Agreement by such Grantor and the performance by it of its obligations under this Agreement are within its corporate, partnership or other powers and have been duly authorized by all necessary corporate, partnership or other action;
- (iv) upon the filing of all UCC financing statements naming each Grantor as "grantor" and the Collateral Agent as "Collateral Agent" and describing the Collateral in the filing offices in the jurisdictions set forth opposite such Grantor's name on Schedule I(e) hereof (as such schedule may be amended or supplemented from time to time), the due execution and delivery of any Account Control Agreement with respect to Collateral comprising of Investment Account(s), the filing of this Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable, with respect to Collateral comprising of Intellectual Property, the delivery of certificate(s) evidencing any Pledged Equity Interest and the taking of all other actions contemplated to be taken by each Grantor hereunder, the security interests granted to the Collateral Agent hereunder constitute valid and perfected first priority

Liens (subject in the case of priority only to Permitted Liens);

- (v) other than the financing statements filed in favor of the Collateral Agent, no effective UCC financing statement, fixture filing or other instrument similar in effect under any applicable law covering all or any part of the Collateral is on file in any filing or recording office except for (x) financing statements for which proper termination statements have been delivered to the Collateral Agent for filing and (y) financing statements filed in connection with Permitted Liens;**
- (vi) no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required for either (i) the pledge or grant by any Grantor of the Liens purported to be created in favor of the Collateral Agent hereunder or (ii) the exercise by Collateral Agent of any rights or remedies in respect of any Collateral (whether specifically granted or created hereunder or created or provided for by applicable law), except (A) for the filings and other actions contemplated by clause (iv) above, (B) as may be required, in connection with the disposition of any Investment Related Property, by laws generally affecting the offering and sale of Securities and (C) for filings and other regulatory actions required to be taken as a result of the status, organizational or otherwise, of the Collateral Agent;**
- (vii) all actions and consents, including all filings, notices, registrations and recordings necessary or desirable for the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement except for the filings and other actions contemplated by clause (iv) above or the exercise of remedies in respect of the Collateral have been made or obtained;**
- (viii) it has indicated on Schedule I(a) hereto (as such schedule may be amended or supplemented from time to time): (w) the type of organization of such Grantor, (x) the jurisdiction of organization of such Grantor, (y) its organizational identification number and (z) the jurisdiction where the chief executive office or its sole place of business is (or if such Grantor is a natural person principal residence and**

principal place of business), and for the one-year period preceding the date hereof has been, located.

- (ix) the full legal name of such Grantor is as set forth on Schedule I(a) and it has not done in the last five (5) years, and does not do, business under any other name (including any trade-name or fictitious business name) except for those names set forth on Schedule I(b) (as such schedule may be amended or supplemented from time to time);
- (x) except as provided on Schedule I(c), it has not changed its name, jurisdiction of organization, chief executive office or sole place of business (or, if such Grantor is a natural person, principal residence or principal place of business) or its corporate structure in any way (e.g. by merger, consolidation, change in corporate form or otherwise) within the past five (5) years;
- (xi) such Grantor has not within the last five (5) years become bound (whether as a result of merger or otherwise) as debtor under a security agreement entered into by another Person, which has not heretofore been terminated other than the agreements identified on Schedule I(d) hereof (as such schedule may be amended or supplemented from time to time);
- (xii) all information supplied by any Grantor to the Collateral Agent in writing with respect to any of the Collateral (in each case taken as a whole with respect to any particular Collateral) is accurate and complete in all material respects; and
- (xiii) none of the Collateral constitutes, or is the Proceeds of, "farm products" (as defined in the UCC).

agrees that: (b) Covenants and Agreements. Each Grantor hereby covenants and

- (i) except for the security interest created by this Agreement, it shall not create or suffer to exist any Lien upon or with respect to any of the Collateral, except Permitted Liens, and such Grantor shall defend the Collateral against all Persons at any time claiming any interest therein;

- (ii) it shall not produce, use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral;
- (iii) it shall not change such Grantor's name, identity, corporate structure (e.g. by merger, consolidation, change in corporate form or otherwise), sole place of business (or principal residence if such Grantor is a natural person), chief executive office, type of organization or jurisdiction of organization or establish any trade names unless it shall have (a) notified the Collateral Agent in writing, by executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Annex A attached hereto, together with all Supplements to Schedules thereto, at least thirty (30) days prior to any such change or establishment, identifying such new proposed name, identity, corporate structure, sole place of business (or principal residence if such Grantor is a natural person), chief executive office, jurisdiction of organization or trade name and providing such other information in connection therewith as the Collateral Agent may reasonably request and (b) taken all actions necessary or advisable to maintain the continuous validity, perfection and the same or better priority of the Collateral Agent's security interest in the Collateral granted or intended to be granted and agreed to hereby;
- (iv) if the Collateral Agent or any Secured Party gives value to enable Grantor to acquire rights in or the use of any Collateral, it shall use such value for such purposes and such Grantor further agrees that repayment of any Obligation shall apply on a "first-in, first-out" basis so that the portion of the value used to acquire rights in any Collateral shall be paid in the chronological order such Grantor acquired rights therein;
- (v) it shall pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the

Collateral, except to the extent the validity thereof is being contested in good faith; provided, such Grantor shall in any event pay such taxes, assessments, charges, levies or claims not later than five (5) days prior to the date of any proposed sale under any judgment, writ or warrant of attachment entered or filed against such Grantor or any of the Collateral as a result of the failure to make such payment;

- (vi) upon such Grantor or any officer of such Grantor obtaining knowledge thereof, it shall promptly notify the Collateral Agent in writing of any event that may materially and adversely affect the value of the Collateral or any portion thereof, the ability of any Grantor or the Collateral Agent to dispose of the Collateral or any portion thereof, or the rights and remedies of the Collateral Agent in relation thereto, including, without limitation, the levy of any legal process against the Collateral or any portion thereof;
- (vii) it shall not take or permit any action which could impair the Collateral Agent's rights in the Collateral;
- (viii) it shall not sell, transfer or assign (by operation of law or otherwise) any Collateral except as Permitted Sales; and
- (ix) it shall use commercially reasonable efforts to obtain duly executed landlord consents with respect to each real property or interest in real property leased by such Grantor, pursuant to which such landlord, among other things, shall waive its rights to any Liens it may have upon any of the Collateral and grant the Collateral Agent access to enter upon such real property for the purpose of exercising its rights and remedies hereunder; each such landlord consent to be in form and substance reasonably satisfactory to the Collateral Agent.

4.2 Equipment and Inventory.

(a) Representations and Warranties. Each Grantor represents and

warrants that

- (i) all of the Equipment and Inventory included in the Collateral is kept for the past five (5) years only at

the locations specified in Schedule II hereto (as such schedule may be amended or supplemented from time to time);

- (ii) any Inventory now or hereafter produced by any Grantor included in the Collateral have been and will be produced in compliance with the requirements of the Fair Labor Standards Act, as amended; and
- (iii) none of the Inventory or Equipment is in the possession of an issuer of a negotiable document (as defined in Section 7-104 of the UCC) therefor or otherwise in the possession of a bailee or warehouseman.

that: (b) Covenants and Agreements. Each Grantor covenants and agrees

- (i) it shall keep the Equipment and Inventory in the locations specified on Schedule II hereto (as such schedule may be amended or supplemented from time to time) unless it shall have taken all actions necessary or advisable to maintain the continuous validity, perfection and the same or better priority of the Collateral Agent's security interest in the Collateral intended to be granted and agreed to hereby, or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder, with respect to such Equipment and Inventory;
- (ii) it shall keep correct and accurate records of the Inventory as is customarily maintained under similar circumstances by Persons of established reputation engaged in similar business, and in any event in conformity with GAAP;
- (iii) it shall not deliver any original Document Evidencing any Goods to any Person other than the issuer of such Document to claim the Goods evidenced therefor or the Collateral Agent;
- (iv) if any Equipment or Inventory, in excess of \$100,000 in the aggregate, is in possession or control of any third party, including, without limitation, any warehouseman, bailee or agent, each Grantor shall join with the Collateral Agent in notifying the third party of the Collateral Agent's security interest and

obtaining an Authenticated acknowledgment from such third party that it is holding the Equipment and Inventory for the benefit of the Collateral Agent; and

- (v) with respect to any item of Equipment which is covered by a certificate of title under a statute of any jurisdiction under the law of which indication of a security interest on such certificate is required as a condition of perfection thereof, upon the reasonable request of the Collateral Agent, (A) provide information with respect to any such Equipment, (B) execute and file with the registrar of motor vehicles or other appropriate authority in such jurisdiction an application or other document requesting the notation or other indication of the security interest created hereunder on such certificate of title, and (C) deliver to the Collateral Agent copies of all such applications or other documents filed during such calendar quarter and copies of all such certificates of title issued during such calendar quarter indicating the security interest created hereunder in the items of Equipment covered thereby.

4.3 Receivables Contracts.

- (a) Representations and Warranties. Each Grantor represents and

warrants that:

- (i) each Receivables Contract, to the knowledge of such Grantor, (a) is and will be the legal, valid and binding obligation of the Account Debtor in respect thereof, representing an unsatisfied obligation of such Account Debtor, (b) is and will be enforceable in accordance with its terms, (c) is not and will not be subject to any setoffs, defenses, taxes, counterclaims (except with respect to refunds, returns and allowances in the ordinary course of business with respect to damaged merchandise) and (d) is and will be in compliance with all applicable laws, whether federal, state, local or foreign;
- (ii) none of the Account Debtors in respect of any Receivables Contract is the government of the United States, any agency or instrumentality thereof, any state or municipality or any foreign sovereign. No Receivables Contract requires the consent of the Account Debtor in respect thereof in connection with

the pledge hereunder, except any consent which has been obtained; and

- (iii) no Receivables Contract is evidenced by, or constitutes, an Instrument or Chattel Paper which has not been delivered to, or otherwise subjected to the control of, the Collateral Agent to the extent required by, and in accordance with Section 4.3(c).

agrees that: (b) Covenants and Agreements. Each Grantor hereby covenants and

- (i) it shall keep and maintain at its own cost and expense reasonably satisfactory and complete records of the Receivables Contracts, including, but not limited to, the originals of all documentation with respect to all Receivables Contracts and records of all payments received and all credits granted on the Receivables Contracts, all merchandise returned and all other dealings therewith;
- (ii) it shall perform in all material respects all of its obligations with respect to the Receivables Contracts;
- (iii) it shall not amend, modify, terminate or waive any provision of any Receivables Contract in any manner which could reasonably be expected to have a material adverse effect on the value of such Receivables Contract as Collateral. Other than in the ordinary course of business as generally conducted by it on and prior to the date hereof, and except as otherwise provided in subsection (v) below, following an Event of Default, such Grantor shall not (w) grant any extension or renewal of the time of payment of any Receivables Contract, (x) compromise or settle any dispute, claim or legal proceeding with respect to any Receivables Contract for less than the total unpaid balance thereof, (y) release, wholly or partially, any Person liable for the payment thereof, or (z) allow any credit or discount thereon;
- (iv) it shall mark conspicuously, in form and manner reasonably satisfactory to the Collateral Agent, all Chattel Paper, Instruments and other evidence of Receivables Contracts (other than any delivered to the Collateral Agent as provided herein), as well as

the Receivables Records with an appropriate reference to the fact that the Collateral Agent has a security interest therein;

- (v) except as otherwise provided in this subsection, each Grantor shall continue to collect all amounts due or to become due to such Grantor under the Receivables Contracts and any Supporting Obligation and diligently exercise each material right it may have under any Receivables Contract, any Supporting Obligation or Collateral Support, in each case, at its own expense, and in connection with such collections and exercise, such Grantor shall take such action as such Grantor or the Collateral Agent may deem reasonably necessary or advisable. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time following the occurrence and during the continuance of an Event of Default to notify, or require any Grantor to notify, any Account Debtor of the Collateral Agent's security interest in the Receivables Contracts and any Supporting Obligation and, in addition, at any time following the occurrence and during the continuance of an Event of Default, the Collateral Agent may: (1) direct the Account Debtors under any Receivables Contracts to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent; (2) notify, or require any Grantor to notify, each Person maintaining a lockbox or similar arrangement to which Account Debtors under any Receivables Contracts have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to the Collateral Agent; and (3) enforce, at the expense of such Grantor, collection of any such Receivables Contracts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. If the Collateral Agent notifies any Grantor that it has elected to collect the Receivables Contracts in accordance with the preceding sentence, any payments of Receivables Contracts received by such Grantor shall be forthwith (and in any event within two (2) Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Collateral Agent if required, in a

collateral account designated and maintained under the sole dominion and control of the Collateral Agent, and until so turned over, all amounts and proceeds (including checks and other instruments) received by such Grantor in respect of the Receivables Contracts, any Supporting Obligation or Collateral Support shall be received in trust for the benefit of the Collateral Agent hereunder and shall be segregated from other funds of such Grantor and such Grantor shall not adjust, settle or compromise the amount or payment of any Receivables Contract, or release wholly or partly any Account Debtor or obligor thereof, or allow any credit or discount thereon; and

- (vi) it shall use its reasonable efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to any Receivables Contract.

(c) Delivery and Control of Receivables Contracts. With respect to any Receivables Contracts in excess of \$50,000 individually or \$500,000 in the aggregate that is evidenced by, or constitutes, Tangible Chattel Paper or Instruments, each Grantor shall cause each originally executed copy thereof to be delivered to the Collateral Agent (or its agent or designee) appropriately indorsed to the Collateral Agent or indorsed in blank: (i) with respect to any such Receivables Contracts in existence on the date hereof, on or prior to the date hereof and (ii) with respect to any such Receivables Contracts hereafter arising, within ten (10) days of such Grantor acquiring rights therein. With respect to any Receivables Contracts in excess of \$50,000 individually or \$500,000 in the aggregate which would constitute "electronic chattel paper" under the UCC, each Grantor shall take all steps necessary to give the Collateral Agent control over such Receivables Contracts (within the meaning of Section 9-105 of the UCC): (i) with respect to any such Receivables Contracts in existence on the date hereof, on or prior to the date hereof and (ii) with respect to any such Receivables Contracts hereafter arising, within ten (10) days of such Grantor acquiring rights therein. Any Receivables Contract not otherwise required to be delivered or subjected to the control of the Collateral Agent in accordance with this subsection (c) shall be delivered or subjected to such control upon request of the Collateral Agent.

4.4 Investment Related Property.

4.4.1. Pledged Equity Interests.

(a) Representations and Warranties. Each Grantor hereby represents and warrants that:

- (i) Schedule III hereto (as such schedule may be amended or supplemented from time to time) sets forth all of the Pledged Stock, Pledged LLC Interests,

Pledged Partnership Interests and Pledged Trust Interests owned by any Grantor and such Pledged Equity Interests constitute the percentage of issued and outstanding shares of stock, percentage of membership interests, percentage of partnership interests or percentage of beneficial interest of the respective issuers thereof indicated on such Schedule;

- (ii) except as set forth on Schedule III(b) hereto it has not acquired any equity interests of another entity within the past five (5) years;
- (iii) it is the record and beneficial owner of the Pledged Equity Interests free of all Liens, rights or claims of other Persons and there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests;
- (iv) no consent of any Person including any other general or limited partner, any other member of a limited liability company, any other shareholder or any other trust beneficiary is necessary in connection with the creation, perfection or first priority status of the security interest of the Collateral Agent in any Pledged Equity Interests or the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement or the exercise of remedies in respect thereof; and
- (v) none of the Pledged LLC Interests nor Pledged Partnership Interests are or represent interests in issuers that are: (a) registered as investment companies, (b) are dealt in or traded on securities exchanges or markets or (c) have opted to be treated as securities under the uniform commercial code of any jurisdiction.

agrees that: (b) Covenants and Agreements. Each Grantor hereby covenants and

- (i) without the prior written consent of the Collateral Agent, it shall not vote to enable or take any other action to: (a) amend or terminate any partnership

agreement, limited liability company agreement, certificate of incorporation, by-laws or other organizational documents in any way that materially changes the rights of such Grantor with respect to any Investment Related Property or adversely affects the validity, perfection or priority of the Collateral Agent's security interest, (b) permit any issuer of any Pledged Equity Interest to issue any additional stock, partnership interests, limited liability company interests or other equity interests of any nature or to issue securities convertible into or granting the right of purchase or exchange for any stock or other equity interest of any nature of such issuer, (c) other than as permitted under the Securities Purchase Agreement, permit any issuer of any Pledged Equity Interest to dispose of all or a material portion of their assets, (d) waive any default under or breach of any terms of organizational document relating to the issuer of any Pledged Equity Interest or the terms of any Pledged Debt, or (e) cause any issuer of any Pledged Partnership Interests or Pledged LLC Interests which are not securities (for purposes of the UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Partnership Interests or Pledged LLC Interests to be treated as securities for purposes of the UCC; provided, however, notwithstanding the foregoing, if any issuer of any Pledged Partnership Interests or Pledged LLC Interests takes any such action in violation of the foregoing in this clause (e), such Grantor shall after obtaining knowledge thereof promptly notify the Collateral Agent in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish the Collateral Agent's "control" thereof;

- (ii) it shall comply in all material respects with all of its obligations under any partnership agreement or limited liability company agreement relating to Pledged Partnership Interests or Pledged LLC Interests and shall enforce all of its rights with respect to any Investment Related Property;
- (iii) without the prior written consent of the Collateral Agent, it shall not permit any issuer of any Pledged Equity Interest to merge or consolidate unless (i) such issuer creates a security interest that is perfected by a filed financing statement (that is not effective

solely under section 9-508 of the UCC) in collateral in which such new debtor has or acquires rights, and (ii) all the outstanding capital stock or other equity interests of the surviving or resulting corporation, limited liability company, partnership or other entity is, upon such merger or consolidation, pledged hereunder and no cash, securities or other property is distributed in respect of the outstanding equity interests of any other constituent Grantor; provided that if the surviving or resulting Grantor upon any such merger or consolidation involving an issuer which is a Controlled Foreign Corporation, then such Grantor shall only be required to pledge equity interests in accordance with Section 2.2; and

- (iv) each Grantor consents to the grant by each other Grantor of a security interest in all Investment Related Property to the Collateral Agent and, without limiting the foregoing, consents to the transfer of any Pledged Partnership Interest and any Pledged LLC Interest to the Collateral Agent or its nominee following an Event of Default and to the substitution of the Collateral Agent or its nominee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto.

4.4.2. Pledged Debt.

(a) Representations and Warranties. Each Grantor hereby represents and warrants that:

- (i) Schedule III hereto (as such schedule may be amended or supplemented from time to time) sets forth under the heading "Pledged Debt" all of the Pledged Debt owned by any Grantor and all of such Pledged Debt has been duly authorized, authenticated or issued, and delivered and is the legal, valid and binding obligation of the issuers thereof and is not in default and constitutes all of the issued and outstanding inter-company indebtedness evidenced by an instrument or certificated security of the respective issuers thereof owing to such Grantor;

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

- (i) it shall notify the Collateral Agent of any default under any Pledged Debt that has caused, either in any case or in the aggregate, a Material Adverse Effect.

4.4.3. Investment Accounts.

(a) Representations and Warranties. Each Grantor hereby represents and warrants that:

- (i) Schedule III hereto (as such schedule may be amended or supplemented from time to time) sets forth under the heading "Securities Accounts", all of the Securities Accounts in which each Grantor has an interest. Each Grantor is the sole entitlement holder of each such Securities Account in which such Grantor has an interest, and such Grantor has not consented to, and is not otherwise aware of, any Person (other than the Collateral Agent pursuant hereto or any Account Control Agreement) having "control" (within the meanings of Sections 8-106 and 9-106 of the UCC) over, or any other interest in, any such Securities Account or any securities or other property credited thereto;
- (ii) Schedule III hereto (as such schedule may be amended or supplemented from time to time) sets forth under the heading "Deposit Accounts" all of the Deposit Accounts in which each Grantor has an interest and each Grantor is the sole account holder of each such Deposit Account and such Grantor has not consented to, and is not otherwise aware of, any Person (other than the Collateral Agent pursuant hereto) having either sole dominion and control (within the meaning of common law) or "control" (within the meaning of Section 9-104 of the UCC) over, or any other interest in, any such Deposit Account or any money or other property deposited therein; and
- (iii) Each Grantor has taken all actions necessary or desirable to: (a) establish the Collateral Agent's "control" (within the meanings of Sections 8-106 and 9-106 of the UCC) over any portion of the Investment Related Property constituting Certificated

Securities, Uncertificated Securities, Securities Accounts or Securities Entitlements (each as defined in the UCC); (b) establish the Collateral Agent's "control" (within the meaning of Section 9-104 of the UCC) over all Deposit Accounts; and (c) to deliver all Instruments to the Collateral Agent.

(b) Delivery and Control.

- (i) With respect to any Investment Related Property consisting of Securities Accounts or Securities Entitlements, it shall cause the securities intermediary maintaining such Securities Account or Securities Entitlement to enter into a Securities Account Control Agreement substantially in the form of Annex B hereto pursuant to which it shall agree to comply with the Collateral Agent's "entitlement orders" without further consent by such Grantor. With respect to any Investment Related Property that is a "Deposit Account," it shall cause the depository institution maintaining such account to enter into an Account Control Agreement substantially in the form of Annex B hereto, pursuant to which the Collateral Agent shall have both sole dominion and control over such Deposit Account (within the meaning of the common law) and "control" (within the meaning of Section 9-104 of the UCC) over such Deposit Account.

4.4.4. Investment Related Property Generally.

(a) Covenants and Agreements. Each Grantor hereby covenants and

agrees that:

- (i) in the event it acquires rights in any Investment Related Property after the date hereof, it shall deliver to the Collateral Agent a completed Pledge Supplement, substantially in the form of Annex A attached hereto, together with all Supplements to Schedules thereto, reflecting such new Investment Related Property and all other Investment Related Property. Notwithstanding the foregoing, it is understood and agreed that the security interest of the Collateral Agent shall attach to all Investment Related Property immediately upon any Grantor's acquisition of rights therein and shall not be affected

by the failure of any Grantor to deliver a supplement to Schedule III as required hereby;

- (ii) except as provided in the next sentence, in the event such Grantor receives any dividends, interest or distributions on any Investment Related Property, or any securities or other property upon the merger, consolidation, liquidation or dissolution of any issuer of any Investment Related Property, then (a) such dividends, interest or distributions and securities or other property shall be included in the definition of Collateral without further action and (b) such Grantor shall immediately take all steps, if any, necessary or advisable to ensure the validity, perfection, priority and, if applicable, control of the Collateral Agent over such Investment Related Property (including, without limitation, delivery thereof to the Collateral Agent) and pending any such action such Grantor shall be deemed to hold such dividends, interest, distributions, securities or other property in trust for the benefit of the Collateral Agent and shall be segregated from all other property of such Grantor. Notwithstanding any provision in this Agreement to the contrary, so long as no Event of Default shall have occurred and be continuing and subject to Section 4.4.4(a)(iv), the Collateral Agent authorizes each Grantor to receive and retain all ordinary cash dividends and distributions paid in the normal course of the business of the issuer and consistent with the past practice of the issuer and all payments of principal and interest;
- (iii) if any issuer of any Investment Related Property is located in a jurisdiction outside of the United States, each Grantor shall take such additional actions, including, without limitation, causing the issuer to register the pledge on its books and records or making such filings or recordings, in each case as may be necessary or advisable, under the laws of such issuer's jurisdiction to insure the validity, perfection and priority of the security interest of the Collateral Agent. Upon the occurrence of an Event of Default, the Collateral Agent shall have the right, without notice to any Grantor, (a) to transfer all or any portion of the Investment Related Property to its name or the name of its nominee or agent and (b) to exchange any certificates or instruments representing

any Investment Related Property for certificates or instruments of smaller or larger denominations; and

- (iv) it shall promptly (but in no event more than two (2) Business Days after receipt thereof) deposit, or cause to be deposited, all cash in the possession of, received by or otherwise controlled by, such Grantor into one or more Investment Accounts subject to an Account Control Agreement. Each such account shall at all times be under the "control" (within the meanings of Sections 8-106 and 9-106 of the UCC) of the Collateral Agent, and no Grantor shall have access to or any right to draw upon or withdraw any cash or other funds therefrom, except for purposes not otherwise prohibited by the Securities Purchase Agreement or hereunder.

(b) Delivery and Control

- (i) Each Grantor agrees that with respect to any Investment Related Property in which it currently has rights it has complied with the provisions of this Section 4.4.4 on or before the Closing Date and with respect to any Investment Related Property hereafter acquired by such Grantor it shall comply with the provisions of this Section 4.4.4 immediately upon acquiring rights therein, in each case in form and substance satisfactory to the Collateral Agent. With respect to any Investment Related Property that is represented by a certificate or that is an "instrument" (other than any Investment Related Property credited to a Securities Account) it shall cause such certificate or instrument to be delivered to the Collateral Agent, indorsed in blank by an "effective indorsement" (as defined in Section 8-107 of the UCC), regardless of whether such certificate constitutes a "certificated security" for purposes of the UCC. With respect to any Investment Related Property that is an "uncertificated security" for purposes of the UCC (other than any "uncertificated securities" credited to a Securities Account), it shall cause the issuer of such uncertificated security to either (i) register the Collateral Agent as the registered owner thereof on the books and records of the issuer or (ii) execute an agreement in form and substance reasonably satisfactory to the Collateral Agent, pursuant to

which such issuer agrees to comply with the Collateral Agent's instructions with respect to such uncertificated security without further consent by such Grantor.

(c) Voting and Distributions.

- (i) So long as no Event of Default shall have occurred and be continuing:
 - (A) except as otherwise provided under the covenants and agreements relating to Investment Related Property in this Agreement or elsewhere herein or in the Securities Purchase Agreement, each Grantor shall be entitled to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Investment Related Property or any part thereof for any purpose not inconsistent with the terms of this Agreement or the Securities Purchase Agreement; provided, no Grantor shall exercise or refrain from exercising any such right if the Collateral Agent shall have notified such Grantor that, in the Collateral Agent's reasonable judgment, such action would have a Material Adverse Effect on the value of the Investment Related Property or any part thereof; and provided further, such Grantor shall give the Collateral Agent at least five (5) Business Days prior written notice of the manner in which it intends to exercise, or the reasons for refraining from exercising, any such right; it being understood, however, that neither the voting by such Grantor of any Pledged Stock for, or such Grantor's consent to, the election of directors (or similar governing body) at a regularly scheduled annual or other meeting of stockholders or with respect to incidental matters at any such meeting, nor such Grantor's consent to or approval of any action otherwise permitted under this Agreement and the Securities Purchase Agreement, shall be deemed inconsistent with the terms of this Agreement or the Securities Purchase Agreement within the meaning of this Section 4.4.4(c)(i)(A), and no notice of any such voting or consent need be given to the Collateral Agent; and
 - (B) the Collateral Agent shall promptly execute and deliver (or cause to be executed and delivered) to each Grantor all proxies, and other instruments as

such Grantor may from time to time reasonably request for the purpose of enabling such Grantor to exercise the voting and other consensual rights when and to the extent which it is entitled to exercise pursuant to clause (A) above.

(ii) Upon the occurrence and during the continuance of an Event of Default:

- (A) all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to exercise such voting and other consensual rights; and
- (B) in order to permit the Collateral Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder: (1) each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Collateral Agent all proxies, dividend payment orders and other instruments as the Collateral Agent may from time to time reasonably request and (2) each Grantor acknowledges that the Collateral Agent may utilize the power of attorney set forth in Section 6.

4.5 Material Contracts.

(a) Representations and Warranties. Each Grantor hereby represents and warrants that:

- (i) Schedule IV hereto (as such schedule may be amended or supplemented from time to time) sets forth all of the Material Contracts to which such Grantor has rights; and
- (ii) the Material Contracts, true and complete copies (including any amendments or supplements thereof) of which have been furnished to the Collateral Agent, have been duly authorized, executed and delivered by all parties thereto, are in full force and effect and are binding upon and enforceable against all parties thereto in accordance with their respective terms.

There exists no default under any Material Contract by any party thereto and neither such Grantor, nor to its best knowledge, any other Person party thereto is likely to become in default thereunder and no Person party thereto has any defenses, counterclaims or right of set-off with respect to any Material Contract.

agrees that: (b) Covenants and Agreements. Each Grantor hereby covenants and

- (i) in addition to any rights under the Section of this Agreement relating to Receivables Contracts, the Collateral Agent may at any time notify, or require any Grantor to so notify, the counterparty on any Material Contract of the security interest of the Collateral Agent therein. In addition, after the occurrence and during the continuance of an Event of Default, the Collateral Agent may upon written notice to the applicable Grantor, notify, or require any Grantor to notify, the counterparty to make all payments under the Material Contracts directly to the Collateral Agent;
- (ii) each Grantor shall deliver promptly to the Collateral Agent a copy of each material demand, notice or document received by it relating in any way to any Material Contract;
- (iii) each Grantor shall deliver promptly to the Collateral Agent, and in any event within ten (10) Business Days, after (1) any Material Contract of such Grantor is terminated or amended in a manner that is materially adverse to such Grantor or (2) any new Material Contract is entered into by such Grantor, a written statement describing such event, with copies of such material amendments or new contracts, delivered to the Collateral Agent (to the extent such delivery is permitted by the terms of any such Material Contract, provided, no prohibition on delivery shall be effective if it were bargained for by such Grantor with the intent of avoiding compliance with this Section 4.5(b)(iii)), and an explanation of any actions being taken with respect thereto;
- (iv) it shall perform in all material respects all of its obligations with respect to the Material Contracts;

- (v) it shall promptly and diligently exercise each material right (except the right of termination) it may have under any Material Contract, any Supporting Obligation or Collateral Support, in each case, at its own expense, and in connection with such collections and exercise, such Grantor shall take such action as such Grantor or the Collateral Agent may deem necessary or advisable;
- (vi) it shall use its best efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to any Material Contract; and
- (vii) with respect to any Non-assignable Contract, each Grantor shall, unless the relevant restrictions on transfer are overridden by Section 9-406 of the UCC, within thirty (30) days of the date hereof with respect to any Non-Assignable Contract in effect on the date hereof and within thirty (30) days after entering into any Non-Assignable Contract after the Closing Date, request in writing the consent of the counterparty or counterparties to the Non-Assignable Contract pursuant to the terms of such Non-Assignable Contract or applicable law to the assignment or granting of a security interest in such Non-Assignable Contract to Collateral Agent and use its commercially reasonable efforts to obtain such consent as soon as practicable thereafter.

4.6 Letter of Credit Rights.

(a) Representations and Warranties. Each Grantor hereby represents and warrants that:

- (i) all letters of credit in excess of \$10,000 to which such Grantor has rights is listed on Schedule V (as such schedule may be amended or supplemented from time to time) hereto; and
- (ii) it has obtained the consent of each issuer of any letter of credit in excess of \$10,000 to the assignment of the proceeds of the letter of credit to the Collateral Agent.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that with respect to any letter of credit in excess of \$10,000 hereafter arising it shall obtain the consent of the issuer thereof to the assignment of the proceeds of the letter of

credit to the Collateral Agent and shall deliver to the Collateral Agent a completed Pledge Supplement, substantially in the form of Annex A attached hereto, together with all Supplements to Schedules thereto.

4.7 Intellectual Property.

(a) Representations and Warranties. Except as disclosed in Schedule VI(h) (as such schedule may be amended or supplemented from time to time), each Grantor hereby represents and warrants that:

- (i) Schedule VI (as such schedule may be amended or supplemented from time to time) sets forth a true and complete list of (i) all United States, state and foreign registrations of and applications for Patents, Trademarks, and Copyrights owned by each Grantor and (ii) all Patent Licenses, Trademark Licenses and Copyright Licenses material to the business of such Grantor;
- (ii) it is the sole and exclusive owner of the entire right, title, and interest in and to all Intellectual Property on Schedule VI (as such schedule may be amended or supplemented from time to time), and owns or has the valid right to use all other Intellectual Property used in or necessary to conduct its business, free and clear of all Liens, claims, encumbrances and licenses, except for Permitted Liens and the licenses set forth on Schedule VI (as each may be amended or supplemented from time to time);
- (iii) all Intellectual Property is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and each Grantor has performed all acts and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration and application of Intellectual Property in full force and effect;
- (iv) all Intellectual Property, other than Trade Secret Licenses and Trade Secrets, are valid and enforceable; any such Intellectual Property which is a Trade Secret License or Trade Secret is, to the knowledge of such Grantor, valid and enforceable; no holding, decision, or judgment has been rendered in any action or proceeding before any court or administrative authority challenging the validity of, such Grantor's right to register, or such Grantor's

rights to own or use, any Intellectual Property and no such action or proceeding is pending or, to the best of such Grantor's knowledge, threatened;

- (v) all registrations and applications for Copyrights, Patents and Trademarks are standing in the name of each Grantor, and none of the Trademarks, Patents, Copyrights or Trade Secret Collateral has been licensed by any Grantor to any Affiliate or third party, except as disclosed in Schedule VI (as each may be amended or supplemented from time to time);
- (vi) each Grantor has been using appropriate statutory notice of registration in connection with its use of registered Trademarks;
- (vii) each Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all Trademark Collateral and has taken all action necessary to insure that all licensees of the Trademark Collateral owned by such Grantor use such adequate standards of quality;
- (viii) to the knowledge of such Grantor, the conduct of such Grantor's business does not infringe upon any trademark, patent, copyright, trade secret or similar intellectual property right owned or controlled by a third party; no claim has been made that the use of any Intellectual Property owned or used by Grantor (or any of its respective licensees) violates the asserted rights of any third party;
- (ix) to the best of each Grantor's knowledge, no third party is infringing upon any Intellectual Property owned or used by such Grantor, or any of its respective licensees;
- (x) no settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by each Grantor or to which each Grantor is bound that adversely effect such Grantor's rights to own or use any Intellectual Property; and
- (xi) each Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or agreement of any

Intellectual Property that has not been terminated or released.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees as follows:

- (i) unless such Grantor shall reasonably determine that any Intellectual Property is of negligible economic value to such Grantor, it shall not do any act or omit to do any act whereby any of the Intellectual Property which is material to the business of Grantor may lapse, or become abandoned, dedicated to the public, or unenforceable, or which would adversely affect the validity, grant, or enforceability of the security interest granted therein;
- (ii) unless such Grantor shall reasonably determine that any Intellectual Property is of negligible economic value to such Grantor, it shall not, with respect to any Trademarks which are material to the business of any Grantor, cease the use of any of such Trademarks or fail to maintain the level of the quality of products sold and services rendered under any of such Trademark at a level at least substantially consistent with the quality of such products and services as of the date hereof, and each Grantor shall take all steps reasonably necessary to insure that licensees of such Trademarks use such consistent standards of quality;
- (iii) it shall, within thirty (30) days of the creation or acquisition of any Copyrightable work which is material to the business of Grantor, apply to register the Copyright in the United States Copyright Office;
- (iv) it shall promptly notify the Collateral Agent if it knows or has reason to know that any item of the Intellectual Property that is material to the business of any Grantor may become (a) abandoned or dedicated to the public or placed in the public domain, (b) invalid or unenforceable, or (c) subject to any adverse determination or development (including the institution of proceedings) in any action or proceeding in the United States Patent and Trademark Office, the United States Copyright Office, and state registry, any foreign counterpart of the foregoing or any court;

- (v) it shall take all reasonable steps in the United States Patent and Trademark Office, the United States Copyright Office, any state registry or any foreign counterpart of the foregoing, to pursue any application and maintain any registration of each Trademark, Patent, and Copyright owned by any Grantor and material to its business which is now or shall become included in the Intellectual Property (except for such works with respect to which such Grantor has determined in the exercise of its commercially reasonable judgment that it shall not seek registration) including, but not limited to, those items on Schedule VI(a), (c) and (e) (as each may be amended or supplemented from time to time);
- (vi) unless such Grantor shall reasonably determine that any Intellectual Property is of negligible economic value to such Grantor, in the event that any Intellectual Property owned by or exclusively licensed to any Grantor is infringed, misappropriated, or diluted by a third party, such Grantor shall promptly take all reasonable actions to stop such infringement, misappropriation, or dilution and protect its exclusive rights in such Intellectual Property including, but not limited to, the initiation of a suit for injunctive relief and to recover damages;
- (vii) it shall promptly (but in no event more than thirty (30) days after any Grantor obtains knowledge thereof) report to the Collateral Agent (i) the filing of any application to register any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office, or any state registry or foreign counterpart of the foregoing (whether such application is filed by such Grantor or through any agent, employee, licensee, or designee thereof) and (ii) the registration of any Intellectual Property by any such office, in each case by executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Annex A attached hereto, together with all Supplements to Schedules thereto;
- (viii) it shall, promptly upon the reasonable request of the Collateral Agent, execute and deliver to the Collateral Agent any document required to acknowledge, confirm, register, record, or perfect the

Collateral Agent's interest in any part of the Intellectual Property, whether now owned or hereafter acquired;

- (ix) except with the prior consent of the Collateral Agent or as permitted under the Securities Purchase Agreement, each Grantor shall not execute, and there will not be on file in any public office, any financing statement or other document or instruments, except financing statements or other documents or instruments filed or to be filed in favor of the Collateral Agent and each Grantor shall not sell, assign, transfer, license, grant any option, or create or suffer to exist any Lien upon or with respect to the Intellectual Property, except for the Lien created by and under this Security Agreement and the other Transaction Documents;
- (x) it shall hereafter use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could or might in any way materially impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property included within the definitions of any Intellectual Property acquired under such contracts;
- (xi) it shall take all steps reasonably necessary to protect the secrecy of all trade secrets relating to the products and services sold or delivered under or in connection with the Intellectual Property, including, without limitation, entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents;
- (xii) it shall use proper statutory notice in connection with its use of any of the Intellectual Property; and
- (xiii) it shall continue to collect, at its own expense, all amounts due or to become due to such Grantor in respect of the Intellectual Property or any portion thereof. In connection with such collections, each Grantor may take (and, at the Collateral Agent's reasonable direction, shall take) such action as such Grantor or the Collateral Agent may deem reasonably necessary or advisable to enforce collection of such

amounts. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default, to notify, or require any Grantor to notify, any obligors with respect to any such amounts of the existence of the security interest created hereby.

4.8 Commercial Tort Claims.

(a) Representations and Warranties. Each Grantor hereby represents and warrants that Schedule VII (as such schedule may be amended or supplemented from time to time) sets forth all Commercial Tort Claims of each Grantor; and

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that with respect to any Commercial Tort Claim hereafter arising it shall deliver to the Collateral Agent a completed Pledge Supplement, substantially in the form of Annex A attached hereto, together with all Supplements to Schedules thereto, identifying such new Commercial Tort Claims.

SECTION 5 ACCESS; RIGHT OF INSPECTION AND FURTHER ASSURANCES;
ADDITIONAL GRANTORS.

5.1 Access; Right of Inspection. Each Grantor agrees to permit the Collateral Agent, subject to appropriate agreements as to confidentiality, to visit and inspect any of its properties, to examine all of its books of account, records, reports and other papers and to make copies and extracts therefrom, and to discuss its affairs, finances and accounts with the Collateral Agent's officers, managers and employees. All such visits, examinations and discussions shall be at reasonable times and as often as may be reasonably requested. If a Default or an Event of Default shall have occurred and be continuing, each Grantor shall pay or reimburse the Collateral Agent for expenses reasonably incurred by the Collateral Agent in connection with any such visitation or inspection.

5.2 Further Assurances.

(a) Each Grantor agrees that from time to time, at the expense of such Grantor, that it shall promptly Authenticate, execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor shall:

- (i) file such financing or continuation statements, or amendments thereto, and execute and deliver such

other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary or desirable, or as the Collateral Agent may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby;

- (ii) take all actions necessary to ensure the recordation of appropriate evidence of the liens and security interest granted hereunder in the Intellectual Property with any intellectual property registry in which said Intellectual Property is registered or in which an application for registration is pending including, without limitation, the United States Patent and Trademark Office, the United States Copyright Office, the various Secretaries of State, and the foreign counterparts on any of the foregoing; and
- (iii) at the Collateral Agent's commercially reasonable request, appear in and defend any action or proceeding that may affect such Grantor's title to or the Collateral Agent's security interest in all or any part of the Collateral.

(b) Each Grantor hereby authorizes the filing of any financing statements or continuation statements, and amendments to financing statements, or any similar document in any jurisdictions and with any filing offices as the Collateral Agent may determine, in its sole discretion, are necessary or advisable to perfect the security interest granted to the Collateral Agent herein. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Collateral Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral granted to the Collateral Agent herein, including, without limitation, describing such property as "all assets" or "all personal property, whether now owned or hereafter acquired." Each Grantor shall furnish to the Collateral 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 Collateral Agent may reasonably request, all in reasonable detail.

(c) Each Grantor hereby authorizes the Collateral Agent to modify this Agreement after obtaining such Grantor's approval of or signature to such modification by amending Schedule VI hereto (as such schedule may be amended or supplemented from time to time) to include reference to any right, title or interest in any existing Intellectual Property or any Intellectual Property acquired or developed by any Grantor after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property in which any Grantor no longer has or claims any right, title or interest.

5.3 Additional Grantors. From time to time subsequent to the date hereof, additional Persons may become parties hereto as Additional Grantors by executing a Pledge Supplement, substantially in the form of Annex A attached hereto. Upon delivery of any such Pledge Supplement to the Collateral Agent, notice of which is hereby waived by Grantors, each Additional Grantor shall be a Grantor and shall be as fully a party hereto as if Additional Grantor were an original signatory hereto. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of Collateral Agent not to cause any subsidiary of Grantor to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

SECTION 6. COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT; SUB-AGENT.

6.1 Power of Attorney. Each Grantor hereby irrevocably appoints the Collateral Agent (such appointment being coupled with an interest) as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, the Collateral Agent or otherwise, from time to time in the Collateral Agent's discretion to take any action and to execute any instrument that the Collateral Agent may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, the following:

(a) upon the occurrence and during the continuance of any Event of Default, to obtain and adjust insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to the Transaction Documents;

(b) upon the occurrence and during the continuance of any Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) upon the occurrence and during the continuance of any Event of Default, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (b) above;

(d) upon the occurrence and during the continuance of any Event of Default, to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(e) to prepare, sign, and file for recordation in any intellectual property registry, appropriate evidence of the lien and security interest granted herein in the Intellectual Property in the name of such Grantor as assignor;

(f) upon the occurrence and during the continuance of any Event of Default, to take or cause to be taken all actions necessary to perform or comply or cause

performance or compliance with the terms of this Agreement, including, without limitation, access to pay or discharge taxes or Liens levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Collateral Agent in its sole discretion, any such payments made by the Collateral Agent to become obligations of such Grantor to the Collateral Agent, due and payable immediately without demand; and

(g) upon the occurrence and during the continuance of any Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and such Grantor's expense, at any time or from time to time, all acts and things that the Collateral Agent deems reasonably necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

6.2 No Duty on the Part of Collateral Agent. The powers conferred on the Collateral Agent hereunder are solely to protect the interests of the Secured Parties in the Collateral and shall not impose any duty upon the Collateral Agent or any Secured Party to exercise any such powers. The Collateral Agent and the Secured 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 as finally determined by a court of competent jurisdiction in a decision not subject to appeal.

6.3 Sub-Agent. Each Grantor hereby (a) authorizes the Collateral Agent to execute any of its rights, duties, remedies and powers under this Agreement or any other Transaction Document by or through any agent or attorney-in-fact appointed by the Collateral Agent (any such agent or attorney-in-fact, a "Sub-Agent") in its sole discretion to preserve, perfect, protect, enforce and exercise remedies with respect to the Liens and security interests granted hereunder, (b) covenants to give the Collateral Agent at least twenty (20) Business Days prior written notice (except in exigent circumstances, in which case, such notice shall be sent as far in advance as practicable) of the acquisition of any student loan by such Grantor or any entity acquiring such student loan for the benefit of such Grantor and (c) agrees that any such Sub-Agent shall be entitled to all the indemnities, rights and other benefits granted to the Collateral Agent under Sections 11 and 12.2 of this Agreement and Section 12(d) of the Securities Purchase Agreement. In the event any Sub-Agent is appointed by the Collateral Agent, each Grantor shall, jointly and severally, pay all reasonable costs and expenses incurred by or with respect to the appointment of such Sub-Agent including, without limitation, reasonable fees charged by such Sub-Agent and reasonable attorney fees of the Collateral Agent and any Sub-Agent. Neither the Collateral Agent nor any Secured Party shall be responsible for any actions, misconduct or negligence of any Sub-Agent appointed in good faith hereunder. In connection with the appointment of any Sub-Agent hereunder, each Grantor agrees to execute such documents, agreements or instruments, and take all further action, as the Collateral Agent may reasonably request and acknowledges and agrees that the Collateral Agent may assign all or any portion of the

Liens and security interests granted hereunder to a Sub-Agent, and that financing or continuation statements, or amendments thereto with respect to the Collateral naming the Sub-Agent as "secured party" or as "assignee" of the Collateral Agent's Lien and security interest created hereunder may be filed in all appropriate jurisdictions by the Collateral Agent or the Sub-Agent.

SECTION 7 REMEDIES.

7.1 Generally.

(a) If any Event of Default shall have occurred and be continuing, the Collateral Agent may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it at law or in equity, all the rights and remedies of the Collateral Agent on default under the UCC (whether or not the UCC applies to the affected Collateral) to collect, enforce or satisfy any Secured Obligations then owing, whether by acceleration or otherwise, and also may pursue any of the following separately, successively or simultaneously:

- (i) require any Grantor to, and each Grantor hereby agrees that it shall at its expense and promptly upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties;
- (ii) enter onto the property where any Collateral is located and take possession thereof with or without judicial process;
- (iii) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent the Collateral Agent deems appropriate;
- (iv) without notice except as specified below or under the UCC, sell, assign, lease, license (on an exclusive or nonexclusive basis) or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the

Collateral Agent may deem commercially reasonable;
and

(b) The Collateral Agent or any Secured Party may be the purchaser of any or all of the Collateral at any public or private (to the extent the portion of the Collateral being privately sold is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations) sale in accordance with the UCC and the Collateral Agent, as collateral agent for and representative of the Secured Parties, shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such sale made in accordance with the UCC, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that it would not be commercially unreasonable for the Collateral Agent to dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. Each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, each Grantor shall be liable for the deficiency and the fees of any attorneys employed by the Collateral Agent to collect such deficiency. Each Grantor further agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to the Collateral Agent, that the Collateral Agent has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way alter the rights of the Collateral Agent hereunder.

(c) The Collateral Agent may sell the Collateral without giving any warranties as to the Collateral. The Collateral Agent may specifically disclaim or modify any warranties of title or the like. This procedure will not be considered to adversely effect the commercial reasonableness of any sale of the Collateral.

(d) The Collateral Agent shall have no obligation to marshal any of the Collateral.

7.2 Application of Proceeds. Except as expressly provided elsewhere in this Agreement, all proceeds received by the Collateral Agent in respect of any sale, any collection from, or other realization upon all or any part of the Collateral shall be applied in full or in part by the Collateral Agent against, the Secured Obligations in the following order of priority: first, to the payment of all costs and expenses of such sale, collection or other realization, including reasonable compensation to the Collateral Agent and its agents and counsel, and all other expenses, liabilities and advances made or incurred by the Collateral Agent in connection therewith, and all amounts for which the Collateral Agent is entitled to indemnification hereunder (in its capacity as the Collateral Agent) and all advances made by the Collateral Agent hereunder for the account of the applicable Grantor, and to the payment of all costs and expenses paid or incurred by the Collateral Agent in connection with the exercise of any right or remedy hereunder or under any Transaction Document, all in accordance with the terms hereof or thereof; second, to the extent of any excess of such proceeds, to the payment of all other Secured Obligations for the ratable benefit of each Secured Party pursuant to the terms of the Securities Purchase Agreement; and third, to the extent of any excess of such proceeds, to the payment to or upon the order of such Grantor or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

7.3 Sales on Credit. If Collateral Agent sells any of the Collateral upon credit, Grantor will be credited only with payments actually made by purchaser and received by Collateral Agent and applied to indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Collateral Agent may resell the Collateral.

7.4 Investment Related Property.

(a) Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933 and applicable state securities laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Investment Related Property conducted without prior registration or qualification of such Investment Related Property under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Investment Related Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances, each Grantor agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Investment Related Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If the Collateral Agent determines to exercise its right to sell

any or all of the Investment Related Property, upon written request, each Grantor shall and shall cause each issuer of any Pledged Stock to be sold hereunder, each partnership and each limited liability company from time to time to furnish to the Collateral Agent all such information as the Collateral Agent may request in order to determine the number and nature of interest, shares or other instruments included in the Investment Related Property which may be sold by the Collateral Agent in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(b) Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the right to apply the balance from any Investment Account or instruct the financial institution at which any Investment Account is maintained to pay the balance of any Investment Account to or for the benefit of the Collateral Agent. Notwithstanding any provision in this Agreement to the contrary, prior to the occurrence and continuance of an Event of Default, the Collateral Agent shall not deliver to any such financial institution a "Notice of Sole Control" pursuant to Section 8(a) of the applicable Account Control Agreement or otherwise direct the transfer or disposition of any funds, financial assets or other items from such Investment Account.

7.5 Intellectual Property.

(a) Anything contained herein to the contrary notwithstanding, upon the occurrence and during the continuance of an Event of Default:

- (i) the Collateral Agent shall have the right (but not the obligation) to bring suit or otherwise commence any action or proceeding in the name of any Grantor, the Collateral Agent or otherwise, in the Collateral Agent's sole discretion, to enforce any Intellectual Property, in which event such Grantor shall, at the request of the Collateral Agent, do any and all lawful acts and execute any and all documents required by the Collateral Agent in aid of such enforcement and such Grantor shall promptly, upon demand, reimburse and indemnify the Collateral Agent as provided in the Sections in this Agreement relating to indemnity and expenses (Sections 11 and 12.2 hereof) in connection with the exercise of its rights under this Section, and, to the extent that the Collateral Agent shall elect not to bring suit to enforce any Intellectual Property as provided in this Section, each Grantor agrees to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement of any of the Intellectual Property by others and for that purpose agrees to diligently maintain any action, suit or

proceeding against any Person so infringing as shall be necessary to prevent such infringement;

- (ii) upon written demand from the Collateral Agent, each Grantor shall grant, assign, convey or otherwise transfer to the Collateral Agent all of such Grantor's right, title and interest in and to the Intellectual Property and shall execute and deliver to the Collateral Agent such documents as are necessary or appropriate to carry out the intent and purposes of this Agreement;
- (iii) each Grantor agrees that such an assignment and/or recording shall be applied to reduce the Secured Obligations outstanding only to the extent that the Collateral Agent receives cash proceeds in respect of the sale of, or other realization upon, the Intellectual Property; and
- (iv) the Collateral Agent shall have the right to notify, or require each Grantor to notify, any obligors with respect to amounts due or to become due to such Grantor in respect of the Intellectual Property, of the existence of the security interest created herein, to direct such obligors to make payment of all such amounts directly to the Collateral Agent, and, upon such notification and at the expense of such Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done;
- (v) all amounts and proceeds (including checks and other instruments) received by any Grantor in respect of amounts due to such Grantor in respect of the Collateral or any portion thereof shall be received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over or delivered to the Collateral Agent in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 7.6 in this Agreement relating to cash proceeds; and
- (vi) Grantors shall not adjust, settle or compromise the amount or payment of any such amount or release

wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

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

(c) Solely for the purpose of enabling the Collateral Agent to exercise rights and remedies under this Section 7 upon the occurrence and during the continuance of an Event of Default and at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent, to the extent it has the right to do so, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor), subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of such Grantor to avoid the risk of invalidation of said Trademarks, to use, operate under, license, or sublicense any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located.

7.6 Cash Proceeds. In addition to the rights of the Collateral Agent specified in the Section of this Agreement relating to Receivables Contracts with respect to payments of Receivables Contracts, upon the occurrence and during the continuance of an Event of Default, Cash Proceeds shall be held by such Grantor in trust for the Collateral Agent, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, unless otherwise provided pursuant to Section 4.3(b), be turned over to the Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Collateral Agent, if required) and held by the Collateral Agent in a collateral account designated and maintained under the sole dominion and control of the Collateral Agent. Any Cash Proceeds received by the Collateral Agent (whether from a Grantor or otherwise): (i) if no Event of Default shall have occurred and be continuing, shall be held by the Collateral Agent for the ratable benefit of the Secured Parties, as collateral security for the Secured Obligations (whether matured or unmatured) and (ii) if an Event of Default shall have occurred and be continuing, may, in the sole discretion of the Collateral Agent, (A) be held by the Collateral Agent for the ratable benefit of the Secured Parties, as collateral security for the Secured Obligations (whether matured or unmatured) and/or (B) then or at

any time thereafter may be applied by the Collateral Agent against the Secured Obligations then due and owing.

SECTION 8 COLLATERAL AGENT.

The Collateral Agent has been appointed to act as Collateral Agent under the Securities Purchase Agreement by each Secured Party. The Collateral Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of Collateral), solely in accordance with this Agreement and the Securities Purchase Agreement. Without the written consent of the Collateral Agent, no amendment, modification, termination, or consent shall be effective if the effect thereof would release all or substantially all of the Collateral except as expressly provided in the Securities Purchase Agreement. In furtherance of the foregoing provisions of this Section, each Secured Party, by its acceptance of the benefits hereof, agrees that it shall have no right individually to realize upon any of the Collateral hereunder, it being understood and agreed by such Secured Party that all rights and remedies hereunder may be exercised solely by the Collateral Agent for the benefit of each Secured Party in accordance with the terms of this Section. The Collateral Agent may resign or be removed at any time pursuant to the terms of Section 12 of the Securities Purchase Agreement.

SECTION 9 CONTINUING SECURITY INTEREST; TRANSFER OF SECURED OBLIGATIONS.

This Agreement shall create a continuing security interest in the Collateral and shall remain in full force and effect until the payment in full of all Secured Obligations, and the cancellation or termination of any contingent obligation included in the Secured Obligations, be binding upon each Grantor, its successors and assigns, and inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and its successors, transferees and assigns. Without limiting the generality of the foregoing, but subject to the terms of the Securities Purchase Agreement, each Secured Party may assign or otherwise transfer any Secured Obligations held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to each Secured Party herein or otherwise. Upon the payment in full of all Secured Obligations, and the cancellation or termination of any contingent obligation included in the Secured Obligations, the security interest granted hereby shall terminate hereunder and of record and all rights to the Collateral shall revert to Grantors. Upon any such termination the Collateral Agent shall, at Grantors' expense, execute and deliver to Grantors such documents as Grantors shall reasonably request to evidence such termination.

SECTION 10 STANDARD OF CARE; COLLATERAL AGENT MAY PERFORM.

The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and the interests of the Secured Parties and shall not impose any

duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property. Neither the Collateral Agent nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part 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 otherwise. If any Grantor fails to perform any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by each Grantor under Section 12.2 in this Agreement relating to the payment of expenses, with interest thereon at the rate of 13% per annum.

SECTION 11 INDEMNITY AND EXPENSES.

(a) Each Grantor agrees to indemnify and pay to the Collateral Agent for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that may be imposed on, incurred by, or asserted against the Collateral Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Collateral Agent hereunder, in each case, in accordance with the terms of the Securities Purchase Agreement.

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

SECTION 12 MISCELLANEOUS.

12.1 Notices. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given to a Grantor or Collateral Agent, shall be sent to such Person's address as set forth in the Securities Purchase Agreement and in the manner specified therein; provided, no notice to Collateral Agent shall be effective until received by Collateral Agent.

12.2 Expenses. Each Grantor agrees to pay promptly the Collateral Agent's reasonable fees, expenses and disbursements of the Collateral Agent (in each case including reasonable fees and expenses of counsel) in connection with: (a) the negotiation, preparation, execution and administration of the Transaction Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by the Grantors; (b) the creation and perfection of the Liens in favor of Collateral Agent, for the benefit of each Secured Party pursuant hereto, including filing and recording

fees, expenses and taxes, stamp or documentary taxes, search fees, title insurance premiums and reasonable fees, expenses and disbursements of counsel to Collateral Agent and of counsel providing any opinions that Collateral Agent may request in respect of the Collateral or the Liens created pursuant to the Transaction Documents; (c) the use of any auditors, accountants, consultants or appraisers pursuant to the Transaction Documents; (d) the custody or preservation of any of the Collateral; and (e) after the occurrence of a Default or an Event of Default, the enforcement of any Secured Obligations of or in collecting any payments due from any Grantor hereunder or under any other Transaction Document by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral) or in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work-out" or pursuant to any insolvency or bankruptcy cases or proceedings or in connection with the exercise of any rights or remedies hereunder.

12.3 Amendments and Waivers

(a) Collateral Agent's Consent. No amendment, modification, termination or waiver of any provision of this Agreement, or consent to any departure by any Grantor therefrom, shall in any event be effective without the written concurrence of the Collateral Agent and the Grantors.

(b) No Waiver; Remedies Cumulative. No failure or delay on the part of the Collateral Agent in the exercise of any power, right or privilege hereunder or under any other Transaction Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. All rights, powers and remedies existing under this Agreement and the other Transaction Documents are cumulative, and not exclusive of, any rights or remedies otherwise available. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

12.4 Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns including all persons who become bound as debtor to this Agreement. Unless otherwise permitted under the terms of the Securities Purchase Agreement, no Grantor shall, without the prior written consent of the Collateral Agent, assign any right, duty or obligation hereunder.

12.5 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

12.6 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made herein shall survive the execution and delivery hereof. Notwithstanding anything herein or implied by law to the contrary, the

agreements of each Grantor set forth in Sections 11 and 12.2 shall survive the payment of the Secured Obligations and the termination hereof.

12.7 Marshaling; Payments Set Aside. The Collateral Agent shall not be under any obligation to marshal any assets in favor of any Grantor or any other Person or against or in payment of any or all of the Secured Obligations.

12.8 Severability. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

12.9 Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

12.10 GOVERNING LAW; SUBMISSION TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND RULE 327(b) OF THE NEW YORK CIVIL PRACTICE LAWS AND RULES. EACH GRANTOR HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. EACH GRANTOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE COLLATERAL AGENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEEDING AGAINST ANY GRANTOR IN ANY OTHER JURISDICTION.

12.11 Counterparts This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.


12.12 Effectiveness. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by Grantors and the Collateral Agent of written or telephonic notification of such execution and authorization of delivery thereof.

12.13 Entire Agreement. This Agreement and the other Transaction Documents embody the entire agreement and understanding between Grantors and the Collateral Agent and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Transaction Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

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

GRANTORS:


COLLEGIATE FUNDING SERVICES, L.L.C.

By: 
Name:
Title:

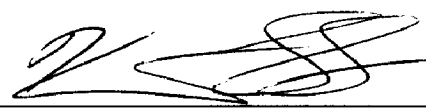
COLLEGEXIT.COM, L.L.C.

By: 
Name:
Title:

COLLEGIATE FUNDING MASTER
SERVICING, L.L.C.

By: 
Name:
Title:

COLLEGIATE FUNDING PORTFOLIO
ADMINISTRATION, L.L.C.

By: 
Name:
Title:

GRANTORS:

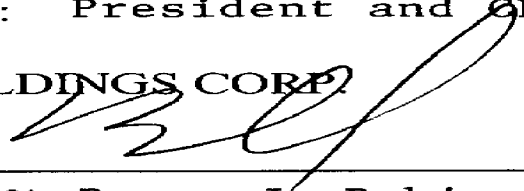
CFSL ACQUISITION CORP.

By: _____

Name: Bruce J. Rubin

Title: President and CEO

CFSL HOLDINGS CORP.

By: _____

Name: Bruce J. Rubin

Title: President and CEO

COLLATERAL AGENT:

TCW/CRESCENT MEZZANINE
MANAGEMENT III, L.L.C.,
as the Collateral Agent

By: 
Name: Leo Helmers
Title: SVP

SCHEDULE I
TO PLEDGE AND SECURITY AGREEMENT

GENERAL INFORMATION

- (a) Full Legal Name, Type of Organization, Jurisdiction of Organization, Chief Executive Office/Sole Place of Business (or Residence if Grantor is a Natural Person) and Organizational Identification Number of each Grantor:

<u>Full Legal Name</u>	<u>Type of Organization</u>	<u>Jurisdiction of Organization</u>	<u>Chief Executive Office/Sole Place of Business (or Residence if Grantor is a Natural Person)</u>	<u>Organization I.D.#</u>
Collegiate Funding Services, L.L.C.	limited liability company	Virginia	100 Riverside Parkway, Fredericksburg, VA 22406	S029749
CFSL Acquisition Corp.	corporation	Delaware	51 West 52nd Street, 23rd Floor New York, New York 10019	3509931
CFSL Holdings Corp.	corporation	Delaware	51 West 52nd Street, 23rd Floor New York, New York 10019	3501640
Collegexit.com, L.L.C.	limited liability company	Virginia	100 Riverside Parkway, Fredericksburg, VA 22406	S047270
Collegiate Funding Master Servicing, L.L.C.	limited liability company	Virginia	100 Riverside Parkway, Fredericksburg, VA 22406	S069190
Collegiate Funding Portfolio Administration, L.L.C.	limited liability company	Virginia	100 Riverside Parkway, Fredericksburg, VA 22406	S069191

- (b) Other Names (including any Trade-Name or Fictitious Business Name) under which each Grantor has conducted business for the past five (5) years:

Name of Grantor

Trade Name or Fictitious Business Name

N/A

- (c) Changes in Name, Jurisdiction of Organization, Chief Executive Office or Sole Place of Business (or Principal Residence if Grantor is a Natural Person) and Corporate Structure within past five (5) years:

<u>Full Legal Name</u>	<u>Description of Change</u>
Collegiate Funding Services, L.L.C.	Prior Address: 4343 Plank Road, Fredericksburg, VA 22407
Collegiate Funding Services, L.L.C.	On March 8, 2001, acquired all of the outstanding L.L.C. interests of Collegexit.com, L.L.C. for aggregate consideration of \$2,000,000.

- (d) Agreements pursuant to which any Grantor is found as debtor within past five (5) years:

<u>Name of Grantor</u>	<u>Description of Agreement</u>
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N/A

- (e) Financing Statements:

<u>Name of Grantor</u>	<u>Filing Jurisdiction(s)</u>
Collegiate Funding Services, L.L.C.	State of Virginia
CFSL Acquisition Corp.	State of Delaware
CFSL Holdings Corp.	State of Delaware
Collegexit.com, L.L.C.	State of Virginia
Collegiate Funding Master Servicing, L.L.C.	State of Virginia
Collegiate Funding Portfolio Administration, L.L.C.	State of Virginia

SCHEDULE II
TO PLEDGE AND SECURITY AGREEMENT

<u>Name of Grantor</u>	<u>Location of Equipment and Inventory</u>	<u>Description of Assets and Value</u>
Collegiate Funding Services, L.L.C.	100 Riverside Parkway, Fredericksburg, VA 22406 (Stafford County)	Office equipment
	3985 Gateway Centre Blvd., Suite 200, Pinellas Park, FL 33782 (Pinellas County)	Office equipment
	Falmouth Self Storage, 80 Samson Street, Fredericksburg, VA 22405 (Fredericksburg City)	Office equipment
Collegexit.con , L.L.C.	100 Riverside Parkway, Fredericksburg, VA 22406 (Stafford County)	Office equipment
	3985 Gateway Centre Blvd., Suite 200, Pinellas Park, FL 33782 (Pinellas County)	Office equipment

SCHEDULE III
TO PLEDGE AND SECURITY AGREEMENT

INVESTMENT RELATED PROPERTY

Pledged Stock:

Grantor	Stock Issuer	Class of Stock	Certificated (Y/N)	Stock Certificate No.	Par Value	No. of Pledged Stock	% of Outstanding Stock of the Stock Issuer
CFSL Holdings Corp.	CFSL Acquisition Corp.	common	Y	C-1	\$0.001	1,000	100%
Collegiate Funding Services, L.L.C.	Collegiate Funding Special Purpose Corporation	common	Y	1	\$0.01	100	100%

Pledged L.L.C. Interests:

Grantor	Limited Liability Company	Certificated (Y/N)	Certificate No. (if any)	No. of Pledged Units	% of Outstanding L.L.C. Interests of the Limited Liability Company
CFSL Acquisition Corp.	Collegiate Funding Services, L.L.C.	N	N/A		100%
Collegiate Funding Services, L.L.C.	Collegiate Funding Services, L.L.C.	N	N/A		100%
Collegiate Funding Services, L.L.C.	Collegiate Funding Master Servicing, L.L.C.	N	N/A		100%
Collegiate Funding Services, L.L.C.	Collegiate Funding Portfolio Administration, L.L.C.	N	N/A		100%

Collegiate Funding Services, L.L.C.	Collegiate Funding of Delaware, L.L.C.	N	N/A		100%
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Pledged Partnership Interests:

Grantor	Partnership	Type of Partnership Interests (e.g., general or limited)	Certificated (Y/N)	Certificate No. (if any)	% of Outstanding Partnership Interests of the Partnership
N/A					

Pledged Trust Interests:

Grantor	Trust	Class of Trust Interests	Certificated (Y/N)	Certificate No. (if any)	% of Outstanding Trust Interests of the Trust
N/A					

Pledged Debt (secured by preferred stock purchased with proceeds of debt):

Grantor	Issuer	Original Principal Amount	Outstanding Principal Balance	Issue Date	Maturity Date
CFSL Acquisition Corp.	J. Barry Morrow	\$337,532.00	\$337,532.00	May 17, 2002	May 16, 2004
CFSL Acquisition Corp.	W. Clark McGhee	\$149,995.00	\$149,995.00	May 17, 2002	May 16, 2004
CFSL Acquisition Corp.	Kevin A. Landgraver	\$112,493.00	\$112,493.00	May 17, 2002	May 16, 2004
CFSL Acquisition Corp.	Charles L. Terrible	\$112,493.00	\$112,493.00	May 17, 2002	May 16, 2004

Securities Account:

Grantor	Share of Securities Intermediary	Account Number	Account Name
N/A			

Deposit Accounts:

Grantor	Name of Depository Bank	Account Number	Account Name
Collegiate Funding Services, L.L.C.	Wachovia Bank, N.A.	1850040603	Checking Account of Collegiate Funding Services, L.L.C.
Collegexit.com, L.L.C.	Wachovia Bank, N.A.	7901894950	Checking Account of Collegexit.com, L.L.C.
Collegiate Funding Master Servicing, L.L.C.	Wachovia Bank, N.A.	7901951974	Checking Account of Collegiate Funding Master Servicing, L.L.C.
Collegiate Funding Portfolio Administration, L.L.C.	Wachovia Bank, N.A.	7901951985	Checking Account of Collegiate Funding Portfolio Administration, L.L.C.
CFSL Acquisition Corp.	Wachovia Bank, N.A.	7901950368	Checking Account of CFSL Acquisition Corp.
CFSL Holdings Corp.	Wachovia Bank, N.A.	7901950357	Checking Account of CFSL Holdings Corp.

(b)

<u>Name of Grantor</u>	<u>Date of Acquisition</u>	<u>Description of Acquisition</u>
Collegiate Funding Services, L.L.C.	March 8, 2001	Acquired all of the outstanding L.L.C. interests of Collegexit.com, L.L.C. for aggregate consideration of \$2,000,000.

Pledge and Security Agreement

SCHEDULE IV
TO PLEDGE AND SECURITY AGREEMENT

Name of Grantor	Description of Material Contract
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Collegiate Funding Services, L.L.C. ("CFS") is a party to each of the following contracts:

<u>Parties</u>	<u>Date</u>	<u>Type of Agreement</u>
CFS and Citibank as trustee for The Student Loan Corporation	11/15/99	Consolidation Loan Origination Responsibility Agreement
CFS and Citibank as trustee for The Student Loan Corporation	3/1/01	Amendment Agreement
CFS and Citibank as trustee for The Student Loan Corporation	11/1/01	2 nd Amendment Agreement
CFS and ClassNotes Inc. d/b/a Educaid	11/1/00	Consolidation Loan Origination Responsibility Agreement
CFS and ClassNotes Inc. d/b/a Educaid	6/12/01	First Amendment
CFS and The Brazos Higher Education Service Corporation, Inc.	2/1/01	Consolidation Loan Origination Responsibility Agreement
CFS and The Brazos Higher Education Service Corporation, Inc.	5/23/01	First Amendment
CFS and The Brazos Higher Education Service Corporation, Inc.	9/20/01	Second Amendment
CFS and The Brazos Higher Education Service Corporation, Inc.	10/30/01	Third Amendment
CFS and The Brazos Higher Education Service Corporation, Inc.	1/14/02	Fourth Amendment
CFS and The Brazos Higher Education Service Corporation, Inc.	2/1/01	HEAL Refinancing Origination Responsibility Agreement
CFS and First Union National Bank of Delaware	6/12/01	Private Loan Origination Responsibility Agreement
CFS and First Union National Bank of Delaware	8/1/01	Amendment Agreement
CFS and Collegiate Funding Special Purpose Corporation	11/1/01	Limited Liability Company Agreement of Collegiate Funding of Delaware,

Collegiate Funding Master Servicing, L.L.C. ("CFMS") is a party to each of the following contracts:

<u>Parties</u>	<u>Date</u>	<u>Type of Agreement</u>
CFMS, as servicer, and Collegiate Funding Services Education Loan Trust I	11/1/01	Master Servicing Agreement (includes Power of Attorney)
SunTech, Inc., as sub-servicer, and CFMS, as servicer	11/1/01	Sub-servicing agreement (includes Power of Attorney)

Parties

Date

Type of Agreement

Collegiate Funding Portfolio Administration, L.L.C. ("CFPA") is a party to each of the following contracts:

Collegiate Funding Services Education Loan Trust 1, as Issuer; Wilmington Trust Company, as Delaware Trustee; US Bank National Association, as Indenture Trustee; US Bank National Association, as Eligible Lender Trustee; and CFPA, as Issuer Administrator	11/1/01	Administration Agreement
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SCHEDULE V
TO PLEDGE AND SECURITY AGREEMENT

Name of Grantor

Description of Letters of Credit

N/A

2

SCHEDULE VI
TO PLEDGE AND SECURITY AGREEMENT

INTELLECTUAL PROPERTY

- (a) Copyrights: N/A
- (b) Copyright Licenses: N/A
- (c) Patents: N/A
- (d) Patent Licenses: N/A
- (e) Trademarks:

<u>Debtor</u>	<u>Trademarks</u>	<u>Reg. Date</u> (App. Date)	<u>Reg. No.</u> (App. No.)	<u>Status</u>
Collegiate Funding Services, L.L.C.	REAL WORLD LOAN	8/21/2001	2,480,570	Registered
	COLLEGIATE FUNDING SERVICES	(1/16/2001)	(76/194,968)	Pending
	ENLIGHTEN	(3/22/2002)	(78/116,958)	Pending
	FUNDING BRIGHT FUTURES	(3/22/2002)	(78/116,937)	Pending
	E and Design [ENLIGHTEN LOGO]	(3/22/2002)	(78/116,941)	Pending
	COLLEGEXIT	(3/22/2002)	(76/386,430)	Pending
	COLLEGEXIT. COM	(3/22/2002)	(76/386,431)	Pending

- (f) Trademark Licenses: N/A
- (g) Trade Secret Licenses: N/A

SCHEDULE VII
TO PLEDGE AND SECURITY AGREEMENT

Name of Grantor

Collegiate Funding
Services, L.L.C.
("CFS")

Commercial Tort Claims

Collegiate Funding Services vs. Direct III Marketing, Inc. Potential arbitration matter assigned to LeClair Ryan, PC. Direct III entered into negotiations to acquire CFS in 2001. The letter of intent contained various deadlines to secure financing and to close the transaction and provided for a payment of \$500,000 in the event either party was unable to complete the transaction. CFS claims that Direct III was unable to close the transaction as outlined in the letter of intent due to their failure to secure financing and CFS has demanded payment of the \$500,000. The parties have agreed to arbitrate the dispute. Direct III has executed an agreement to arbitrate. CFS has not yet determined whether they want to pursue the claim further. Outside counsel feels that there is a good probability of recovery on behalf of CFS and a relatively low probability of liability to Direct III if the matter is ultimately arbitrated.

FORM OF PLEDGE SUPPLEMENT

This PLEDGE SUPPLEMENT, dated [mm/dd/yy], is delivered pursuant to the Pledge and Security Agreement, dated as of May 17, 2002 (as it may be from time to time amended, restated, modified or supplemented, the "Pledge and Security Agreement"), among Collegiate Funding Services, L.L.C., the other Grantors named therein, and TCW/Crescent Mezzanine Management III, L.L.C., as the Collateral Agent. Undefined capitalized terms used herein have the meanings ascribed thereto in the Pledge and Security Agreement.

The undersigned Grantor [hereby confirms, as of the date first written above, the grant to the Collateral Agent set forth in the Pledge and Security Agreement]¹ [does hereby grant to the Collateral Agent a security interest in, all of the undersigned Grantor's right, title and interest in and to all Collateral to secure the Secured Obligations, in each case whether now or hereafter existing or in which the undersigned Grantor now has or hereafter acquires an interest and wherever the same may be located]². The undersigned Grantor hereby further agrees, as of the date first above written, to [continue to] be bound by all of the terms and provisions of the Pledge and Security Agreement, as supplemented by this Pledge Supplement. The undersigned Grantor hereby makes each representation, warranty and covenant set forth in Section 4 of the Pledge and Security Agreement and hereby represents and warrants that the attached supplements to schedules accurately and completely set forth all [additional] information required pursuant to the Pledge and Security Agreement and hereby agrees that such supplements to schedules shall constitute part of the schedules to the Pledge and Security Agreement.

IN WITNESS WHEREOF, the undersigned Grantor has caused this Pledge Supplement to be duly executed and delivered by its duly authorized officer as of [mm/dd/yy].

[INSERT NAME OF GRANTOR]

[INSERT NAME OF ADDITIONAL GRANTOR]

By:

Name:

Title:

¹ Use bracketed language for existing Grantor.

² Use bracketed language for new Grantor.

ACCOUNT CONTROL AGREEMENT

This Account Control Agreement, dated as of May 17, 2002 (this "Account Control Agreement"), among Collegiate Funding Services, L.L.C., Collegexit.com, L.L.C., Collegiate Funding Master Servicing, L.L.C., Collegiate Funding Portfolio Administration, L.L.C., CFSL Acquisition Corp., CFSL Holdings Corp. (each, a "Debtor" and collectively, the "Debtors"), TCW/Crescent Mezzanine, L.L.C. (in its capacity as the Collateral Agent for the holders of the Notes issued by Collegiate Funding Services, L.L.C. pursuant to the Securities Purchase Agreement and any successor in such capacity, the "Secured Party") and Wachovia Bank, National Association, in its capacity as a "bank" (as defined in Section 9-102 of the UCC) (in such capacities, the "Financial Institution"). Capitalized terms used but not defined herein shall have the meaning assigned in the Pledge and Security Agreement, dated as of May 17, 2002, among the Debtors and the Secured Party (the "Security Agreement"). All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York. The Financial Institution acknowledges that each of the Debtors has granted in favor of the Secured Party a security interest in its Pledged Account (as such term is defined below).

The parties hereto agree as follows:

1. Establishment of Pledged Accounts.

(a) The Financial Institution hereby confirms and agrees that the Financial Institution has established an account with account number 1850040603 in the name of "Collegiate Funding Services, L.L.C." (such account and any successor account, being referred to herein as a "Pledged Account"). The Financial Institution shall not change the name or account number of such Pledged Account without the prior written consent of the Secured Party.

(b) The Financial Institution hereby confirms and agrees that the Financial Institution has established an account with account number 7901894950 in the name of "Collegexit.com, L.L.C." (such account and any successor account, being referred to herein as a "Pledged Account"). The Financial Institution shall not change the name or account number of such Pledged Account without the prior written consent of the Secured Party.

(c) The Financial Institution hereby confirms and agrees that the Financial Institution has established an account with account number 7901951974 in the name of "Collegiate Funding Master Servicing, L.L.C." (such account and any successor account, being referred to herein as a "Pledged Account"). The Financial Institution shall not change the name or account number of such Pledged Account without the prior written consent of the Secured Party.

(d) The Financial Institution hereby confirms and agrees that the Financial Institution has established an account with account number 7901951985 in the name of "**Collegiate Funding Portfolio Administration, L.L.C.**" (such account and any successor account, being referred to herein as a "**Pledged Account**"). The Financial Institution shall not change the name or account number of such Pledged Account without the prior written consent of the Secured Party.

(e) The Financial Institution hereby confirms and agrees that the Financial Institution has established an account with account number 7901950368 in the name of "**CFSL Acqusition Corp.**" (such account and any successor account, being referred to herein as a "**Pledged Account**"). The Financial Institution shall not change the name or account number of such Pledged Account without the prior written consent of the Secured Party.

(f) The Financial Institution hereby confirms and agrees that the Financial Institution has established an account with account number 7901950357 in the name of "**CFSL Holdings Corp.**" (such account and any successor account, being referred to herein as a "**Pledged Account**," and together with the other Pledged Accounts, the "**Pledged Accounts**"). The Financial Institution shall not change the name or account number of such Pledged Account without the prior written consent of the Secured Party.

(g) Each of the Pledged Accounts is a "deposit account" (within the meaning of Section 9-102(a)(29) of the UCC).

(h) All property delivered to the Financial Institution by or for the benefit of any Debtor pursuant to the Security Agreement will be promptly credited to such Debtor's Pledged Account.

2. Control of the Pledged Accounts. If at any time the Financial Institution shall receive any entitlement order, order, direction or instruction from the Secured Party concerning, or directing transfer or redemption of any financial asset, funds or other items in or otherwise relating to or credited to any or all of the Pledged Accounts or any entitlement order, order, direction or instruction originated by the Secured Party directing the disposition of such financial assets, funds or other items in any or all of the Pledged Accounts, the Financial Institution shall comply with such entitlement order, order, direction or instruction without further consent by the Debtors or any other person. Subject to the foregoing, the Financial Institution may also comply with any entitlement order, order, direction or instruction concerning any or all of the Pledged Accounts and/or any financial asset, funds or other items credited thereto originated by the applicable Debtor or its authorized representative until such time as the Secured Party delivers a Notice of Sole Control to the Financial Institution pursuant to Section 7(a) hereof. After the Financial Institution receives such Notice of Sole Control with respect to the Pledged Accounts and/or any financial asset, funds or other items credited thereto, the Financial Institution will cease complying with any and all entitlement orders, orders, directions or instructions originated by any of the Debtors or its representative concerning the Pledged Accounts and/or any financial asset, funds or other items credited thereto.

3. **Subordination of Lien; Waiver of Set-Off.** In the event that the Financial Institution has or subsequently obtains by agreement, by operation of law or otherwise a security interest in, or encumbrance, claim or (except as provided in the next sentence) right of setoff against, any of the Pledged Accounts or any security entitlement, financial assets, funds or other items credited thereto, the Financial Institution hereby agrees that such security interest encumbrance, claim, right of set off shall be subordinate to the security interest of the Secured Party in such Pledged Account and financial assets, funds and other items credited thereto. Each of the Pledged Account and the financial assets, funds and other items credited to such Pledged Account will not be subject to deduction, set-off, banker's lien, or any other right in favor of any person other than the Secured Party (except that the Financial Institution may set off (i) all amounts due to the Financial Institution in respect of customary fees and expenses for the routine maintenance and operation of such Pledged Account, including, without limitation, service charges, fees, expenses, adjustments or corrections of posting errors, and (ii) the face amount of any checks which have been credited to such Pledged Account but are subsequently returned unpaid).

If the Financial Institution has received a Notice of Sole Control from the Secured Party with respect to the Pledged Accounts, it may demand that the Secured Party and the Secured Party agrees to pay the Financial Institution within five (5) business days of written notice of demand the amounts set forth in clauses (i) and (ii) above, which amounts shall not exceed the payment amounts received by the Secured Party from the Pledged Accounts.

4. **Choice of Law.** This Account Control Agreement shall be governed by the laws of the State of New York. Regardless of any provision in any other agreement, for purposes of the UCC, New York shall be deemed to be the Financial Institution's jurisdiction (within the meaning of Section 9-304 of the UCC and Section 8-110 of the UCC). Each of the Pledged Accounts shall be governed by the laws of the State of New York.

5. **Conflict with Other Agreements.**

(a) In the event of any conflict between this Account Control Agreement (or any portion thereof) and any other agreement now existing or hereafter entered into, the terms of this Account Control Agreement shall prevail.

(b) No amendment or modification of this Account Control Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto.

(c) The Financial Institution hereby confirms and agrees that:

- (i) there are no agreements entered into between the Financial Institution and any of the Debtors with respect to any Pledged Account except for this Account Control Agreement;

- (ii) it has not entered into, and until the termination of this Account Control Agreement will not enter into, any agreement with any other person relating to any or all of the Pledged Accounts and/or any financial assets credited thereto pursuant to which it has agreed to comply with entitlement orders (as defined in Section 8-102(a)(8) of the UCC) or instructions (within the meaning of Section 9-104 of the UCC) of such other person; and
- (iii) it has not entered into, and until the termination of this Account Control Agreement will not enter into, any agreement with any Debtor or the Secured Party purporting to limit or condition the obligation of the Financial Institution to comply with entitlement orders, orders, directions or instructions concerning any or all of the Pledged Accounts and/or any financial assets, funds or other items credited thereto.

6. **Adverse Claims.** If any person asserts any security interest, lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against any of the Pledged Accounts or in any financial asset, funds or other items carried therein, the Financial Institution will promptly notify the Secured Party and the Debtors thereof in writing. In the event that any third party should assert an adverse claim against any of the Pledged Accounts or any sums on deposit therein, whether such a claim arises by tax lien, execution, attachment, garnishment, levy, the claim of a trustee in bankruptcy or debtor-in-possession, or a competing lien creditor or otherwise, to the extent the Financial Institution is not entitled to the benefits of Section 9 below, the Financial Institution in addition to any other remedies the Financial Institution may possess under this Account Control Agreement or at law or in equity, may suspend disbursements from such Pledged Account without any liability until such time as the Financial Institution shall receive an appropriate court order or other assurances satisfactory to the Financial Institution establishing that the funds may continue to be disbursed according to instructions then applicable to such Pledged Account, and/or are authorized to immediately interplead all such funds in such Pledged Account into the registry of the appropriate courts located in the state where such Pledged Account is maintained, and all costs, expenses and attorney's fees related thereto shall be paid by the Debtors, or if a Notice of Sole Control has been received by the Financial Institution, by Secured Party. In addition, in the event a bankruptcy or insolvency proceeding shall be instituted by or against any of the Debtors, the Financial Institution shall be entitled to refuse to permit any deposits, withdrawals and/or transfers from such Debtor's Pledged Account without any liability until satisfactory documentation is provided to the Financial Institution that continued deposits, withdrawals and/or transfers from such Pledged Account will be authorized and not in violation of any laws, regulations, or orders of any court.

7. **Maintenance of Pledged Accounts.** In addition to, and not in lieu of, the obligation of the Financial Institution to honor entitlement orders, orders, directions or instructions as set forth in Section 2 hereof, the Financial Institution agrees to maintain the Pledged Account as follows:

(a) Notice of Sole Control. If at any time the Secured Party delivers to the Financial Institution a notice of sole control ("Notice of Sole Control") in substantially the form set forth in Exhibit A hereto, the Financial Institution agrees that after receipt of such Notice of Sole Control, it will take all instruction with respect to the Pledged Accounts solely from the Secured Party and shall not comply with entitlement orders, orders, directions or instructions of any other person.

(b) Statements and Confirmations. The Financial Institution will promptly send copies of all statements, confirmations and other correspondence concerning the Pledged Accounts, simultaneously to each of the Debtors and the Secured Party at the address for each set forth in Section 11 of this Account Control Agreement. The Financial Institution's liability for failure to comply with this paragraph shall not exceed the cost of providing such information.

(c) Tax Reporting. All interest, if any, relating to any of the Pledged Accounts, shall be reported to the Internal Revenue Service and all state and local taxing authorities under the name and taxpayer identification number of the applicable Debtor.

8. Representations, Warranties and Covenants of the Financial Institution. The Financial Institution hereby makes the following representations, warranties and covenants:

(a) Each of the Pledged Accounts has been established as set forth in Section 1 and such Pledged Account will be maintained in the manner set forth herein until termination of this Account Control Agreement; and

(b) this Account Control Agreement is the valid and legally binding obligations of the Financial Institution.

9. Indemnification of Financial Institution. The Financial Institution shall be entitled to rely conclusively upon any notice or instruction it receives from the Secured Party and the Debtors, and shall have no obligation to investigate or verify the authenticity or correctness of any such notice or instruction. The Financial Institution shall have no liability to any of the Debtors for the Financial Institution's honoring of any instructions or directions regarding the Pledged Accounts or other collateral in the Pledged Accounts which the Financial Institution receives from the Secured Party or the Debtors, and the Financial Institution shall be fully discharged from liability with respect to any funds on deposit in the Pledged Accounts to the extent it honors such instructions and transfers same to or at the direction of the Secured Party or the Debtors. The Financial Institution will use due care in performing its duties and responsibilities and shall only be responsible for any loss which the Debtors or the Secured Party sustains to the extent that such loss is proximately caused by the Financial Institution's willful misconduct or gross negligence. The Financial Institution shall have no liability to any party for failure of, or delay in its performance under this Account Control Agreement as a result of any act of God, fire, other catastrophe, electrical or computer failure, any events beyond the control of the Financial Institution or fraud committed by third parties. In no event shall the Financial Institution be construed as a fiduciary for any party.

Except as specifically required under the applicable depository agreement between each of the Debtors and the Financial Institution which established such Debtor's Pledged Account and this Account Control Agreement, the Financial Institution has no duty whatsoever to monitor the items deposited into such Pledged Account, nor except as set forth in such depository agreement and this Account Control Agreement does the Financial Institution have any responsibility for notifying the Secured Party or such Debtor if any items are returned for any reason.

Each of the Debtors hereby agrees to indemnify the Financial Institution and hold it harmless against any loss, damage or expense, including but not limited to unpaid charges, fees, and returned items for which the Secured Party and/or such Debtor originally received the benefit (including reasonable attorney's fees, court costs and other litigation expenses), which it may suffer as a direct result of the Financial Institution's entering into this Account Control Agreement, honoring any instructions or directions it receives from the Secured Party or any of the Debtors with respect to the Pledged Accounts or any other collateral in the Pledged Accounts during the term of this Account Control Agreement or, to the extent required by this Account Control Agreement, not honoring any instructions it receives from any of the Debtors with respect to the Pledged Accounts or any other collateral in the Pledged Accounts during the term of this Account Control Agreement, except in the event of the Financial Institution's gross negligence or willful misconduct. Without limiting in any way the Secured Party's obligation to pay or reimburse Financial Institution as specified herein, the Secured Party hereby agrees to indemnify the Financial Institution and hold it harmless against any loss, damage or expense (including reasonable attorney's fees, court costs and other litigation expenses) which it may suffer as a direct result of the Financial Institution's honoring any instructions or directions it receives from the Secured Party with respect to any Pledged Account or any other collateral in the Pledged Accounts during the term of this Account Control Agreement or, to the extent required by this Account Control Agreement, not honoring any instructions it receives from any of the Debtors with respect to the Pledged Accounts or any other collateral in the Pledged Accounts during the term of this Account Control Agreement, except in the event of the Financial Institution's gross negligence or willful misconduct. In no event shall any party be liable to any other party for lost profits or special, indirect, exemplary, consequential or punitive damages, even if it shall have been advised of the possibility of such damages.

10. Successors; Assignment. The terms of this Account Control Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors. The Secured Party may assign its rights hereunder to any successor Secured Party under the Security Agreement and only with the express and prior written consent of the Financial Institution and by sending written notice of such assignment to the Debtors.

11. Notice. Any notice, request or other communication required or permitted to be given under this Account Control Agreement shall be made by hand-delivery, first-class mail, telecopier, facsimile, or overnight air courier guaranteeing next day delivery, addressed to the party at the address set forth below.

Debtors: 100 Riverside Parkway, Suite 125, Fredericksburg, Virginia 22406,
Telecopy No. (540) 374-1981, Attention: J. Barry Morrow.

Secured Party: TCW/CRESCENT MEZZANINE MANAGEMENT III, L.L.C.
200 Park Avenue, Suite 2200, New York, New York 10166,
Telecopy No. (212) 771-4173, Attention: Leo A. Helmers.

Financial Institution: WACHOVIA BANK, NATIONAL ASSOCIATION, 1021
E. Cary St., Richmond, VA 23219, Telecopy No. (804)
697-6869, Attention: Oliver Way.

All such notices and communications shall be deemed to have been duly given when receipt is confirmed by the intended recipient. The parties may change the addresses to which notices are to be given by giving five days' prior notice of such change in accordance herewith.

12. Termination. This Account Control Agreement shall continue in effect until the security interest of the Secured Party in the Pledged Accounts has been terminated pursuant to the terms of the Security Agreement and the Secured Party has notified the Financial Institution of such termination in writing. The Secured Party agrees to provide Notice of Termination in substantially the form of Exhibit B hereto to the Financial Institution upon the request of the Debtors on or after the termination of the Secured Party's security interest in the Pledged Accounts pursuant to the terms of the Security Agreement. The termination of this Account Control Agreement shall not terminate the Pledged Accounts or alter the obligations of the Financial Institution to any Debtor pursuant to any other agreement with respect to its Pledged Account.

(a) This Account Control Agreement may be terminated by the Debtors but only with the express prior written consent of the Secured Party, and in that case the Secured Party and the Debtors shall jointly notify the Financial Institution of such termination. This Account Control Agreement may be terminated by the Secured Party at any time upon its delivery of written notice of such termination to the Financial Institution. This Account Control Agreement may be terminated by the Debtors at any time after the Secured Party ceases to have a security interest in all of the Pledged Accounts and the other collateral in the Pledged Accounts, provided, that, no such termination by the Debtors shall be effective unless the Financial Institution shall have received the written notice described above from the Secured Party confirming that such security interest no longer exists.

(b) This Account Control Agreement may be terminated by the Financial Institution at any time on not less than thirty (30) days' prior written notice of such intention delivered by it to each of the Debtors and the Secured Party. The Secured Party acknowledges that the Financial Institution shall not be liable for the closure of any Pledged Account by the applicable Debtor and the remittance of any funds therein directly to such Debtor prior to the receipt of any Notice of Sole Control. Each Debtor shall notify the Secured Party of the closure of its Pledged Account.

(c) The Financial Institution's reimbursement and indemnity rights against the Debtors under Section 6 and Section 9 above shall survive the expiration or any termination of this Account Control Agreement.

(d) Upon any termination of this Account Control Agreement, all funds remaining in any Pledged Account shall be forwarded by the Financial Institution directly to the applicable Debtor, unless written notification in accordance with Section 11 is received by the Financial Institution from the Secured Party prior to the expiration of the thirty (30) day period set forth in Section 12(b) above directing that such funds should be sent to Secured Party or another depository institution approved by the Secured Party and the Debtors.

13. Counterparts. This Account Control Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Account Control Agreement by signing and delivering one or more counterparts.

14. WAIVER OF JURY TRIAL. EXCEPT AS MAY BE PROHIBITED BY APPLICABLE LAW, EACH OF THE SECURED PARTY, THE FINANCIAL INSTITUTION AND THE DEBTOR HEREBY IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING ANY COUNTERCLAIM) OF ANY TYPE IN WHICH THE SECURED PARTY, THE FINANCIAL INSTITUTION OR THE DEBTOR ARE PARTIES AS TO ALL MATTERS ARISING DIRECTLY OR INDIRECTLY OUT OF THIS ACCOUNT CONTROL AGREEMENT.

[Signature Page Follows]

DEBTORS:

COLLEGIATE FUNDING SERVICES, L.L.C.

By:_____

Name:

Title:

COLLEGEXIT.COM, L.L.C.

By:_____

Name:

Title:

COLLEGIATE FUNDING MASTER SERVICING, L.L.C.

By:_____

Name:

Title:

**COLLEGIATE FUNDING PORTFOLIO
ADMINISTRATION, L.L.C.**

By:_____

Name:

Title:

DEBTORS:

CFSL ACQUISITION CORP.

By: _____
Name:
Title:

CFSL HOLDINGS CORP.

By: _____
Name:
Title:

**TCW/CRESCENT MEZZANINE MANAGEMENT III,
L.L.C., as Secured Party**

By: _____

Name:

Title:

Account Control Agreement

**TRADEMARK
REEL: 002522 FRAME: 0469**

**WACHOVIA BANK, NATIONAL ASSOCIATION, as
Financial Institution**

By: _____
Name:
Title:

Account Control Agreement

**TRADEMARK
REEL: 002522 FRAME: 0470**

[LETTERHEAD OF]
[TCW/CRESCENT MEZZANINE MANAGEMENT III, L.L.C.]
[NAME OF SUCCESSOR COLLATERAL AGENT]

[Date]

[Name and Address of Financial Institution]

Attention: _____

Re: Notice of Sole Control

Ladies and Gentlemen:

As referenced in the Account Control Agreement, dated as of May 17, 2002, among Collegiate Funding Services, L.L.C., Collegexit.com, L.L.C., Collegiate Funding Master Servicing, L.L.C., Collegiate Funding Portfolio Administration, L.L.C., CFSL Acquisition Corp., CFSL Holdings Corp. (each, a "Debtor" and collectively, the "Debtors"), you and the undersigned (a copy of which is attached hereto), we hereby give you notice of our sole control over the Pledged Accounts and all financial assets and funds credited thereto. You are hereby instructed not to accept any direction, instructions or entitlement orders or instructions with respect to the Pledged Accounts or the financial assets or funds credited thereto from any person other than the undersigned, unless otherwise ordered by a court of competent jurisdiction.

You are instructed to deliver a copy of this Notice of Sole Control by facsimile transmission to Collegiate Funding Services, L.L.C., on behalf of the Debtors.

Very truly yours,

[TCW/CRESCENT MEZZANINE MANAGEMENT
III, L.L.C.] [NAME OF SUCCESSOR COLLATERAL AGENT]

By: _____

Name:

Title:

cc: COLLEGIATE FUNDING SERVICES, L.L.C.

[LETTERHEAD OF]
[TCW/CRESCENT MEZZANINE MANAGEMENT III, L.L.C.]
[NAME OF SUCCESSOR COLLATERAL AGENT]

[Date]

[Name and Address of Financial Institution]

Attention:

Re: Termination of Account Control Agreement

You are hereby notified that the Account Control Agreement, dated as of May 17, 2002, among you, Collegiate Funding Services, L.L.C., Collegexit.com, L.L.C., Collegiate Funding Master Servicing, L.L.C., Collegiate Funding Portfolio Administration, L.L.C., CFSL Acquisition Corp., CFSL Holdings Corp. (each, a "Debtor" and collectively, the "Debtors"), and the undersigned (a copy of which is attached hereto). is terminated and you have no further obligations to the undersigned pursuant to such Account Control Agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to account numbers _____ (the "Accounts") from the respective Debtors/account holders of such Accounts. This notice terminates any obligations you may have to the undersigned with respect to such Accounts, however nothing contained in this notice shall alter any obligations which you may otherwise owe to any Debtor pursuant to any other agreement.

You are instructed to deliver a copy of this notice by facsimile transmission to Collegiate Funding Services, L.L.C., on behalf of the Debtors.

Very truly yours,

[TCW/CRESCENT MEZZANINE
MANAGEMENT III, L.L.C.] [NAME OF
SUCCESSOR COLLATERAL AGENT]

By: _____
Name:
Title:

Account Control Agreement