TRADEMARK ASSIGNMENT

Electronic Version v1.1
Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Healthsouth Corporation		03/21/2005	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	JPMorgan Chase Bank, N.A., as Collateral Agent
Street Address:	270 Park Avenue
City:	New York
State/Country:	NEW YORK
Postal Code:	10017
Entity Type:	Association:

PROPERTY NUMBERS Total: 20

Property Type	Number	Word Mark
Registration Number:	2863158	AUTOAMBULATOR
Registration Number:	1673777	"GETTING PEOPLE BACK... TO WORK...TO PLAY...TO LIVING"
Registration Number:	2122268	H
Registration Number:	2317650	H
Registration Number:	2249328	H
Registration Number:	2651916	H
Registration Number:	2144242	HEALTHSOUTH
Registration Number:	2264235	HEALTHSOUTH
Registration Number:	2249329	HEALTHSOUTH
Registration Number:	2734052	HEALTHSOUTH
Serial Number:	76385933	HEALTHSOUTH AUTOMATED DIGITAL HOSPITAL
Serial Number:	76385930	HEALTHSOUTH DIGITAL HOSPITAL
Serial Number:	76385932	HEALTHSOUTH DIGITAL HOSPITAL THE HOSPITAL OF THE FUTURE

CH $515.00 2863158

Serial Number:	76385931	HEALTHSOUTH MEDICAL CENTER THE DIGITAL HOSPITAL OF THE FUTURE
Registration Number:	2748134	
Registration Number:	2730537	HEART COLLEGE
Registration Number:	2760921	HRC WORKS
Registration Number:	1802066	SPORTS MEDICINE UPDATE
Serial Number:	76386054	THE HOSPITAL OF THE FUTURE
Registration Number:	1669840	WORKSTART

CORRESPONDENCE DATA

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Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

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Email: pagodoa@federalresearch.com

Correspondent Name: CBC Companies dba Federal Research

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Address Line 2: attn: Penelope J.A. Agodoa

Address Line 4: Washington, DISTRICT OF COLUMBIA 20005

NAME OF SUBMITTER:	Penelope J.A. Agodoa
Signature:	/pja/
Date:	04/04/2005

Total Attachments: 84

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TRADE NAMES OWNED BY HEALTHSOUTH CORPORATION

State	Trade Name
AZ, CA CO, FL KS, ME MN, MT NH, OH	HEALTHSOUTH Sports Medicine & Rehabilitation Center
CA	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Valencia
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Salinas
FL	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Tampa
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Smyma
	HEALTHSOUTH Sports Medicine & Rehabilitation Center at the PGA Learning Center
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Spring Park Metro
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Daytona
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Ormond
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Deland
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of East Pembroke Pines
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Deltona
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Eau Gallie
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Coral Springs
IL	HEALTHSOUTH Sports Medicine & Rehabilitation of Chicago
ME	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Bangor
AK	HEALTHSOUTH Rehabilitation Center of Anchorage
	HEALTHSOUTH Rehabilitation Center of Fairbanks
AZ	HEALTHSOUTH Rehabilitation Center of Tucson
CA	HEALTHSOUTH Rehabilitation Center of Oceanside
	HEALTHSOUTH Rehabilitation Center of Oakland
	HEALTHSOUTH Rehabilitation Center of Granada Hills
	HEALTHSOUTH Rehabilitation Center of Palo Alto
CO	HEALTHSOUTH Rehabilitation Center of Ft. Collins
	HEALTHSOUTH Rehabilitation Center of Englewood
	HEALTHSOUTH Rehabilitation Center of Castle Rock
	HEALTHSOUTH Rehabilitation Center of Ken Caryl
	HEALTHSOUTH Rehabilitation Center of Co Springs
FL	HEALTHSOUTH Rehabilitation Center of Tampa

State	Trade Name
	HEALTHSOUTH Rehabilitation Center of Bradenton
	HEALTHSOUTH Rehabilitation Center of Hollywood
	HEALTHSOUTH Rehabilitation Center of Palm Harbor
	HEALTHSOUTH Rehabilitation Center of Port Richey
	HEALTHSOUTH Rehabilitation Center of Spring Hill
	HEALTHSOUTH Rehabilitation Center of Viera
	HEALTHSOUTH Rehabilitation Center of West Orange
	HEALTHSOUTH Rehabilitation Center of North Tampa
	HEALTHSOUTH Rehabilitation Center of Hollywood
	HEALTHSOUTH Rehabilitation Center of Kissimmee
	HEALTHSOUTH Rehabilitation Center of Palm Bay
HI	HEALTHSOUTH Rehabilitation Center of Hawaii
	HEALTHSOUTH Rehabilitation Center of Kihei
	HEALTHSOUTH Rehabilitation Center of Kaimuki
	HEALTHSOUTH Rehabilitation Center of Honolulu
	HEALTHSOUTH Rehabilitation Center of Kauai
	HEALTHSOUTH Rehabilitation Center of Eleele
KS	HEALTHSOUTH Rehabilitation Center of Lenexa
	HEALTHSOUTH Rehabilitation Center of Kansas City
	HEALTHSOUTH Rehabilitation Center of Olathe
	HEALTHSOUTH Rehabilitation Center of Wichita
ME	HEALTHSOUTH Rehabilitation Center of Granite Hills
	HEALTHSOUTH Rehabilitation Center of Winterport
MN	HEALTHSOUTH Rehabilitation Center of Brainerd
	HEALTHSOUTH Rehabilitation Center of Pelican Rapids
	HEALTHSOUTH Rehabilitation Center of Brooklyn Park
	HEALTHSOUTH Rehabilitation Center of Edina
MT	HEALTHSOUTH Rehabilitation Center of Billings
	HEALTHSOUTH Rehabilitation Center of Laurel
NH	HEALTHSOUTH Rehabilitation Center of Bedford
NV	HEALTHSOUTH Rehabilitation Center of Summerlin Town Center
AZ	HEALTHSOUTH Physical Therapy
CO	HEALTHSOUTH Aspen Park
	HEALTHSOUTH Tennis Center
FL	HEALTHSOUTH Rehabilitation Hospital of Miami
	HEALTHSOUTH Hand Center of Orlando
KS	HEALTHSOUTH Hand and Rehabilitation Center
	The Back Center, a HEALTHSOUTH Rehabilitation Center
PR	HEALTHSOUTH Rehabilitation Hospital- Puerto Rico

COLLATERAL AND GUARANTEE AGREEMENT

dated as of

March 21, 2005

between

HEALTHSOUTH CORPORATION

and

JPMORGAN CHASE BANK, N.A.,

as Collateral Agent

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COLLATERAL AND GUARANTEE AGREEMENT dated as of March 21, 2005, among HEALTHSOUTH CORPORATION, a Delaware corporation (the "*Borrower*") and JPMORGAN CHASE BANK, N.A., as Collateral Agent.

Reference is made to the Amended and Restated Credit Agreement dated as of March 21, 2005 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Borrower, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, Wachovia Bank, National Association, as syndication agent, and Deutsche Bank Trust Company Americas, as documentation agent. The Lenders have agreed to extend credit to the Borrower on the terms and subject to the conditions set forth in the Credit Agreement. The obligations of the Lenders to extend such credit are conditioned upon, among other things, the execution and delivery by the parties hereto of this Agreement. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. *Credit Agreement.* (a) Capitalized terms used in this Agreement (including the preamble hereto) and not otherwise defined herein have the meanings specified in the Credit Agreement. All terms defined in the New York UCC (as defined herein) and not defined in this Agreement or in the Credit Agreement have the meanings specified therein; the term "instrument" shall have the meaning specified in Article 9 of the New York UCC.

(b) The rules of construction specified in Sections 1.03 and 1.04 of the Credit Agreement shall also apply to this Agreement.

SECTION 1.02. *Other Defined Terms.* As used in this Agreement, the following terms have the meanings specified below:

"*Account Debtor*" means any Person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"*Article 9 Collateral*" has the meaning assigned to such term in Section 4.01.

"*Cash Management Arrangements*" means agreements and other arrangements in respect of treasury, depository and other cash management services, including cash pooling, zero balance and sweep accounts, purchasing card accounts and intra-day and overdraft facilities and other similar facilities in various currencies.

"*Collateral*" means Article 9 Collateral and Pledged Collateral.

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"*Copyright License*" means any written agreement, now or hereafter in effect, granting any right to any third party under any copyright now or hereafter owned by any Grantor or that such Grantor otherwise has the right to license, or granting any right to any Grantor under any copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

"*Copyrights*" means all of the following now owned or hereafter acquired by any Grantor: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule II.

"*Credit Agreement*" has the meaning assigned to such term in the preliminary statement of this Agreement.

"*Equity Interests*" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"*Federal Securities Laws*" has the meaning assigned to such term in Section 6.04.

"*General Intangibles*" means all choses in action and causes of action, all other intangible personal property of every kind and nature (other than Accounts) now owned or hereafter acquired by any Grantor and all other "general intangibles", as defined in the New York UCC (other than Accounts), including corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, Swap Agreements and other agreements), Intellectual Property, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any of the Accounts.

"*Grantors*" means the Borrower and the Subsidiary Parties.

"*Guarantors*" means the Subsidiary Parties.

"*Intellectual Property*" means all intellectual and similar property of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

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"*License*" means any Patent License, Trademark License, Copyright License or other license or sublicense agreement to which any Grantor is a party, including those listed on Schedule II.

"*Loan Document Obligations*" means (a) the due and punctual payment of (i) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of LC Disbursements, interest thereon (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and obligations to provide cash collateral, and (iii) all other monetary obligations of the Borrower to any of the Secured Parties under the Credit Agreement and each of the other Loan Documents, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), (b) the due and punctual performance of all other obligations of the Borrower under or pursuant to the Credit Agreement and each of the other Loan Documents, and (c) the due and punctual payment and performance of all the obligations of each other Loan Party under or pursuant to this Agreement and each of the other Loan Documents.

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

"*Obligations*" means (a) the Loan Document Obligations and (b) the due and punctual payment and performance of all obligations of each Loan Party under each Swap Agreement and each Cash Management Arrangement that (i) is in effect on the Amendment Effective Date with a counterparty that is a Lender or an Affiliate of a Lender as of the Amendment Effective Date or (ii) is entered into after the Amendment Effective Date with any counterparty that is a Lender or an Affiliate of a Lender at the time such Swap Agreement is entered into; provided, that notwithstanding the immediately preceding clause (b), the Borrower shall not be obligated to pledge Collateral hereunder to secure any of the obligations set forth in such clause (b) to the extent that such pledge is not permitted under the Senior Subordinated Credit Agreement or any Restrictive Indenture, after giving effect to all exceptions and baskets provided for in the Senior Subordinated Credit Agreement and the Restrictive Indentures and all prior utilization of such exceptions and baskets (other than any utilization thereof under any Loan Document).

"*Patent License*" means any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a patent, now or hereafter owned by any Grantor or that any Grantor otherwise has the right to

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license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement.

"*Patents*" means all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States or the equivalent thereof in any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or the equivalent thereof in any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country, including those listed on Schedule II, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"*Perfection Certificate*" means a certificate substantially in the form of Exhibit II, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Financial Officer and the chief legal officer of the Borrower.

"*Permitted Restraint*" means a right of first refusal at fair market value with respect to Equity Interests of the Borrower that (i) are organized after the Amendment Effective Date and (ii) constitute joint ventures of the Borrower entered into in the ordinary course of business at least a majority of whose revenues result from healthcare related businesses and facilities.

"*Pledged Collateral*" has the meaning assigned to such term in Section 3.01.

"*Pledged Debt Securities*" has the meaning assigned to such term in Section 3.01.

"*Pledged Intercompany Note*" has the meaning assigned to such term in Section 3.02.

"*Pledged Securities*" means any promissory notes, stock certificates or other securities now or hereafter included in the Pledged Collateral, including all certificates, instruments or other documents representing or evidencing any Pledged Collateral.

"*Pledged Stock*" has the meaning assigned to such term in Section 3.01.

"*Proceeds*" has the meaning specified in Section 9-102 of the New York UCC.

"Restrictive Indentures" means each Indenture that prohibits or restricts the ability of any Subsidiary to Guarantee, or grant any Lien to secure, any portion of the Obligations, which Indentures are specifically identified on Schedule 1.01.A to the Credit Agreement, as such Indentures shall be amended or supplemented from time to time (but

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without giving effect to any amendment thereto after the date hereof that would impose additional limitations on the ability of any Subsidiary Party or the Subsidiary Parties collectively to guarantee or grant Liens to secure any Obligation).

"*Secured Parties*" means (a) the Lenders, (b) the Administrative Agent, (c) the Collateral Agent, (d) each Issuing Bank, (e) each counterparty to any Swap Agreement with a Loan Party the obligations under which constitute Obligations, (f) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document, (g) any other Person to which any Obligation is owed and (h) the successors and assigns of each of the foregoing.

"*Security Interest*" has the meaning assigned to such term in Section 4.01.

"Senior Subordinated Credit Agreement" means the Senior Subordinated Credit Agreement dated as of January 16, 2004, among the Borrower, the lenders from time to time party thereto and Credit Suisse First Boston, as administrative agent, syndication agent and arranger, as amended from time to time (but without giving effect to any amendment thereto after the date hereof that would impose additional limitations on the ability of any Subsidiary Party or the Subsidiary Parties collectively to guarantee or grant Liens to secure any Obligation).

"Specified Borrower Litigation" means litigation described in Schedule VII.[1]

"*Specified Deposit Accounts*" means all concentration accounts, investment accounts, automated clearing house accounts and similar accounts maintained by the Borrower.

"Specified Third Party Litigation" means litigation described in Schedule VIII.[2]

"*Subsidiary Parties*" means the Subsidiaries that become parties to this Agreement after the Amendment Effective Date.

"*Trademark License*" means any written agreement, now or hereafter in effect, granting to any third party any right to use any trademark now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, or granting to any Grantor any right to use any trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

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[1] Specified Borrower Litigation will consist of claims brought by or on behalf of the Borrower in connection with the restatement of its financial statements.

[2] Specified Third Party Litigation will consist of claims brought by third parties against the Borrower in connection with the restatement of the Borrower's financial statements.

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"*Trademarks*" means all of the following now owned or hereafter acquired by any Grantor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in any State of the United States or any other country or any political subdivision thereof, and all extensions or renewals thereof, including those listed on Schedule II, (b) all goodwill associated therewith or symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

ARTICLE II

Guarantee

SECTION 2.01. *Guarantee*. Subject, in the case of the Subsidiary Parties, to Section 5.01, each Guarantor unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment and performance of the Obligations. Each of the Guarantors further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation. Each of the Guarantors waives presentment to, demand of payment from and protest to the Borrower or any other Loan Party of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment.

SECTION 2.02. *Guarantee of Payment*. Each of the Guarantors further agrees that its guarantee hereunder constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Collateral Agent or any other Secured Party to any security held for the payment of the Obligations or to any balance of any deposit account or credit on the books of the Collateral Agent or any other Secured Party in favor of the Borrower or any other Person.

SECTION 2.03. *No Limitations*. (a) Except for termination of a Guarantor's obligations hereunder as expressly provided in Section 8.13 and as set forth in Section 5.01, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by (i) the failure of the Collateral Agent or any other Secured Party to assert any claim or demand or to enforce any right or remedy under the provisions of any Loan Document or otherwise; (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Loan Document or any other agreement, including with respect to any other Guarantor

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under this Agreement; (iii) the release of, or any impairment of or failure to perfect any Lien on or security interest in, any security held by the Collateral Agent or any other Secured Party for the Obligations or any of them; (iv) any default, failure or delay, wilful or otherwise, in the performance of the Obligations; or (v) any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations). Each Guarantor expressly authorizes the Secured Parties to take and hold security in accordance with the provisions of this Agreement for the payment and performance of the Obligations, to exchange, waive or release any or all such security (with or without consideration), to enforce or apply such security and direct the order and manner of any sale thereof in their sole discretion or to release or substitute any one or more other guarantors or obligors upon or in respect of the Obligations, all without affecting the obligations of any Guarantor hereunder.

(b) To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of any defense of the Borrower or any other Loan Party or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower or any other Loan Party, other than the indefeasible payment in full in cash of all the Obligations. The Collateral Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them in accordance with the provisions of this Agreement by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with the Borrower or any other Loan Party or exercise any other right or remedy available to them against the Borrower or any other Loan Party, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been fully and indefeasibly paid in full in cash. To the fullest extent permitted by applicable law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other Loan Party, as the case may be, or any security.

SECTION 2.04. *Reinstatement.* Each of the Guarantors agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Collateral Agent or any other Secured Party upon the bankruptcy or reorganization of the Borrower or any other Loan Party or otherwise.

SECTION 2.05. *Agreement To Pay; Subrogation.* In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any other Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Loan Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Collateral Agent for distribution to the applicable Secured Parties in cash the

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amount of such unpaid Obligation. Upon payment by any Guarantor of any sums to the Collateral Agent as provided above, all rights of such Guarantor against the Borrower or any other Loan Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subject to Article VII.

SECTION 2.06. *Information*. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each other Loan Party's financial condition and assets and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Collateral Agent or the other Secured Parties will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

ARTICLE III

Pledge of Securities

SECTION 3.01. *Pledge*. Subject, in the case of each Grantor that is a Subsidiary Party, to Section 5.01, as security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby assigns and pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, a security interest in, all of such Grantor's right, title and interest in, to and under (i) the shares of capital stock and other Equity Interests owned by it on the date hereof (including all such shares and Equity Interests listed on Schedule I) and any other Equity Interests obtained in the future by such Grantor, and the certificates representing all the foregoing shares and Equity Interests (the "*Pledged Stock*"); *provided* that the Pledged Stock shall not include more than 65% of the issued and outstanding voting Equity Interests of any Foreign Subsidiary; (ii) all debt securities or Indebtedness (including intercompany Indebtedness) held by it on the date hereof (including all such debt securities or Indebtedness listed on Schedule I) and any debt securities or Indebtedness in the future issued to or held by such Grantor, and the promissory notes and any other instruments evidencing such debt securities or Indebtedness (the "*Pledged Debt Securities*"); (iii) all other property that may be pledged to the Collateral Agent pursuant to the terms of this Section 3.01; (iv) all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other Proceeds received in respect of, the securities referred to in clauses (i) and (ii) above; (v) all rights and privileges of such Grantor with respect to the securities and other property referred to in clauses (i), (ii), (iii) and (iv) above; and (vi) all Proceeds of any of the foregoing (the items referred to in clauses (i) through (vi) above being collectively referred to as the "*Pledged Collateral*"); *provided*, *however*, that Pledged Collateral shall not include any Capital Stock in any Subsidiary or other Person to the extent that a pledge of such Capital Stock hereunder shall not be required by reason of the last paragraph of the definition of "Collateral and Guarantee Requirement" in the Credit Agreement.

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TO HAVE AND TO HOLD the Pledged Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, during the term of this Agreement; *subject*, *however*, to the terms, covenants, conditions and termination and release provisions hereinafter set forth.

SECTION 3.02. *Delivery of Pledged Intercompany Notes*. (a) Each Grantor will cause any Indebtedness (other than Indebtedness under the Borrower's cash management system) owed to such Grantor by any Affiliate of such Grantor to be evidenced by a duly executed promissory note (a "*Pledged Intercompany Note*") that is pledged and delivered to the Collateral Agent pursuant to the terms of Section 3.01; *provided* that the Borrower shall not be required to comply with this provision prior to the 30th day after the Amendment Effective Date.

(b) Upon delivery to the Collateral Agent, any Pledged Intercompany Notes shall be accompanied by instruments of transfer reasonably satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request. Each delivery of Pledged Intercompany Notes shall be accompanied by a schedule describing such notes, which schedule shall be attached hereto as Schedule I and made a part hereof; *provided* that failure to attach any such schedule hereto shall not affect the validity of such pledge of such Pledged Intercompany Notes. Each schedule so delivered shall supplement any prior schedules so delivered.

(c) Schedule VI sets forth all Indebtedness owed to a Grantor by any Affiliate of such Grantor as of December 31, 2003; and within 30 days after the Amendment Effective Date, each Grantor shall provide a list of all such Indebtedness owed to such Grantor as of December 31, 2004.

SECTION 3.03. *Representations, Warranties and Covenants*. The Grantors jointly and severally represent, warrant and covenant to and with the Collateral Agent, for the benefit of the Secured Parties, that:

(a) Schedule I correctly sets forth the percentage of the issued and outstanding units of each class of the Equity Interests of the issuer thereof represented by the Pledged Stock and includes all Equity Interests, debt securities and promissory notes required to be pledged hereunder in order to satisfy the Collateral and Guarantee Requirement;

(b) the Pledged Stock and Pledged Debt Securities have been duly and validly authorized and issued by the issuers thereof and (i) in the case of Pledged Stock, are fully paid and nonassessable and (ii) in the case of Pledged Debt Securities, are legal, valid and binding obligations of the issuers thereof;

(c) except for the security interests granted hereunder, each of the Grantors (i) is and, subject to any transfers made in compliance with the Credit Agreement, will continue to be the direct owner, beneficially and of record, of the Pledged Securities indicated on Schedule I as owned by such Grantor, (ii) holds the same

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free and clear of all Liens, other than Liens created by this Agreement, Liens permitted pursuant to Section 6.06 of the Credit Agreement and transfers made in compliance with the Credit Agreement, (iii) will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other Lien on, the Pledged Collateral, other than Liens created by this Agreement, Liens permitted pursuant to Section 6.06 of the Credit Agreement and transfers made in compliance with the Credit Agreement, and (iv) will defend its title or interest thereto or therein against any and all Liens (other than the Lien created by this Agreement and Liens permitted pursuant to Section 6.06 of the Credit Agreement), however arising, of all Persons whomsoever;

(d) except for restrictions and limitations imposed or permitted by the Loan Documents, including restrictions and limitations permitted under Section 6.07 of the Credit Agreement, or securities laws generally and except for Permitted Restraints, the Pledged Collateral is and will continue to be freely transferable and assignable, and none of the Pledged Collateral is or will be subject to any option, right of first refusal, shareholders agreement, charter or by-law provisions or contractual restriction of any nature that might prohibit, impair, delay or otherwise affect the pledge of such Pledged Collateral hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder;

(e) each of the Grantors has the power and authority to pledge the Pledged Collateral pledged by it hereunder in the manner hereby done or contemplated;

(f) no consent or approval of any Governmental Authority, any securities exchange or any other Person was or is necessary to the validity of the pledge effected hereby (other than such as have been obtained and are in full force and effect);

(g) by virtue of the execution and delivery by the Grantors of this Agreement, when (i) any Pledged Intercompany Notes are delivered to the Collateral Agent in accordance with this Agreement or (ii) the appropriate Uniform Commercial Code filings and other appropriate filings, recordings or registrations prepared by the Collateral Agent based upon the information provided to the Collateral Agent in the Perfection Certificate for filing in each governmental, municipal or other office specified in Schedule 2 to the Perfection Certificate (or specified by notice from the Borrower to the Collateral Agent after the Amendment Effective Date in the case of filings, recordings or registrations required by Section 5.15 of the Credit Agreement) are made with respect to the other Pledged Securities, the Collateral Agent will obtain a legal, valid and perfected lien upon and security interest in the Pledged Securities as security for the payment and performance of the Obligations; and

(h) the pledge effected hereby is effective to vest in the Collateral Agent, for the benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral as set forth herein.

SECTION 3.04. *Certification of Limited Liability Company and Limited Partnership Interests*. Each interest in any limited liability company or limited partnership controlled by any Grantor and pledged hereunder shall not be represented by

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a certificate, other than as set forth in Schedule V, and the Loan Parties shall not take any action, or permit any action to be taken, that could reasonably be expected to result in any such interest (i) constituting a "security" within the meaning of Article 8 of the New York UCC or (ii) otherwise being governed by Article 8 of the New York UCC.

SECTION 3.05. *Voting Rights; Dividends and Interest.* (a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent shall have notified the Grantors that their rights under this Section 3.05 are being suspended:

(i) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Securities or any part thereof for any purpose consistent with the terms of this Agreement, the Credit Agreement and the other Loan Documents; *provided* that such rights and powers shall not be exercised in any manner that could reasonably be expected to materially and adversely affect the rights inuring to a holder of any Pledged Securities or the rights and remedies of any of the Collateral Agent or the other Secured Parties under this Agreement or the Credit Agreement or any other Loan Document or the ability of the Secured Parties to exercise the same.

(ii) The Collateral Agent shall promptly execute and deliver to each Grantor, or cause to be promptly executed and delivered to such Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subparagraph (i) above.

(iii) Each Grantor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Securities to the extent and only to the extent that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable laws; *provided* that any noncash dividends, interest, principal or other distributions that would constitute Pledged Stock or Pledged Debt Securities, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by any Grantor, shall not be commingled by such Grantor with any of its other funds or property but shall be held separate and apart therefrom and shall be held in trust for the benefit of the Collateral Agent.

(b) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified the Grantors of the suspension of their rights under paragraph (a)(iii) of this Section 3.05, all rights of any Grantor to

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dividends, interest, principal or other distributions that such Grantor is authorized to receive pursuant to paragraph (a)(iii) of this Section 3.05 shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by any Grantor contrary to the provisions of this Section 3.05 shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Collateral Agent upon demand in the form in which so received (with any necessary endorsement). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this paragraph (b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 6.02. After all Events of Default have been cured or waived and the Borrower has delivered to the Collateral Agent a certificate to that effect, the Collateral Agent shall promptly repay to each Grantor (without interest) all dividends, interest, principal or other distributions that such Grantor would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) of this Section 3.05 that shall remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified the Grantors of the suspension of their rights under paragraph (a)(i) of this Section 3.05, all rights of any Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section 3.05, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 3.05, shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; *provided* that, unless otherwise directed by the Required Lenders, the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Grantors to exercise such rights.

(d) Any notice given by the Collateral Agent to the Grantors suspending their rights under paragraph (a) of this Section 3.05 (i) may be given by telephone if promptly confirmed in writing, (ii) may be given to one or more of the Grantors at the same or different times and (iii) may suspend the rights of the Grantors under paragraph (a)(i) or paragraph (a)(iii) in part without suspending all such rights (as specified by the Collateral Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Collateral Agent's rights to give additional notices from time to time suspending other rights so long as an Event of Default has occurred and is continuing.

ARTICLE IV

Security Interests in Personal Property

SECTION 4.01. *Security Interest.* (a) Subject, in the case of each Grantor that is a Subsidiary Party, to Section 5.01, as security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby assigns

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and pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, a security interest (the "*Security Interest*") in, all right, title or interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "*Article 9 Collateral*"):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Deposit Accounts;

(iv) all Documents;

(v) all Equipment;

(vi) all General Intangibles;

(vii) all Instruments;

(viii) all Inventory;

(ix) all Investment Property;

(x) all Letter-of-Credit rights;

(xi) all rights and claims in respect of Federal, state or other tax refunds;

(xii) all commercial tort claims set forth in Schedule IV;

(xiii) all books and records pertaining to the Article 9 Collateral; and

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

Notwithstanding anything herein to the contrary, in no event shall (i) Article 9 Collateral include any Capital Stock in any Subsidiary or other Person to the extent that a pledge of such Capital Stock hereunder shall not be required by reason of the last paragraph of the definition of "Collateral and Guarantee Requirement" in the Credit Agreement or (ii) the Pledged Stock include more than 65% of the issued and outstanding voting Equity Interests of any Foreign Subsidiary.

(b) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file in any relevant jurisdiction any initial financing statements (including fixture filings) with respect to the Article 9 Collateral or any part thereof and amendments thereto that (i) indicate the Collateral as all assets of such

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Grantor or words of similar effect as being of an equal or lesser scope or with greater detail, and (ii) contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment, including (a) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor and (b) in the case of a financing statement filed as a fixture filing or covering Article 9 Collateral constituting minerals or the like to be extracted or timber to be cut, a sufficient description of the real property to which such Article 9 Collateral relates. Each Grantor agrees to provide such information to the Collateral Agent promptly upon request.

Each Grantor also ratifies its authorization for the Collateral Agent to file in any relevant jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

The Collateral Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party.

(c) The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Article 9 Collateral.

SECTION 4.02. *Representations and Warranties*. The Grantors jointly and severally represent and warrant to the Collateral Agent and the Secured Parties that:

(a) Each Grantor has good and valid rights in and title to the Article 9 Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent, for the benefit of the Secured Parties, the Security Interest in such Article 9 Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person other than any consent or approval that has been obtained.

(b) The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein, including the exact legal name of each Grantor, is correct and complete as of the Amendment Effective Date. The Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations prepared by the Collateral Agent based upon the information provided to the Collateral Agent in the Perfection Certificate for filing in each governmental, municipal or other office specified in Schedule 2 to the Perfection Certificate (or specified by notice from the Borrower to the Collateral Agent after the Amendment Effective Date in the case of filings, recordings or registrations required by Section 6.15 of the Credit Agreement), are all the filings, recordings and

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registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Article 9 Collateral consisting of United States Patents, Trademarks and Copyrights) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements. Each Grantor represents and warrants that a fully executed copy of this Agreement, containing a description of all Article 9 Collateral consisting of Intellectual Property with respect to United States Patents and United States registered Trademarks (and Trademarks for which United States registration applications are pending) and United States registered Copyrights, has been delivered to the Collateral Agent for recording by the United States Patent and Trademark Office and the United States Copyright Office pursuant to 35 U.S.C. § 261, 15 U.S.C. § 1060 or 17 U.S.C. § 205 and the regulations thereunder, as applicable, and otherwise as may be required pursuant to the laws of any other necessary jurisdiction, to protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral consisting of registered or issued Patents, Trademarks and Copyrights in which a security interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary (other than such actions as are necessary to perfect the Security Interest with respect to any Article 9 Collateral consisting of Patents, Trademarks and Copyrights (or registration or application for registration thereof) acquired or developed after the date hereof).

(c) The Security Interest constitutes (i) a legal and valid security interest in all the Article 9 Collateral securing the payment and performance of the Obligations (or such part thereof as shall be secured as provided in Section 5.01), (ii) subject to the filings described in Section 4.02(b), a perfected security interest in all Article 9 Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions and (iii) subject to the filings described in Section 4.02(b), a security interest that shall be perfected in all Article 9 Collateral in which a security interest may be perfected upon the receipt and recording of this Agreement with the United States Patent and Trademark Office and the United States Copyright Office, as applicable, and otherwise as may be required pursuant to the laws of any other necessary jurisdiction. The Security Interest is and shall be prior to any other Lien on any of the Article 9 Collateral, other than Permitted Liens that have priority as a matter of law.

(d) The Article 9 Collateral is owned by the Grantors free and clear of any Lien, except for Liens expressly permitted pursuant to Section 6.06 of the Credit Agreement. None of the Grantors has filed or consented to the filing of (i) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Article 9 Collateral, (ii) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Article 9 Collateral with the United States Patent and Trademark Office or the United States Copyright Office, other than Liens permitted pursuant to Section 6.06 of the Credit Agreement, or (iii) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Liens expressly permitted pursuant to Section 6.06 of the Credit Agreement.

SECTION 4.03. *Covenants*. (a) Each Grantor agrees promptly to notify the Collateral Agent in writing of any change (i) in corporate name, (ii) in its identity or type of organization or corporate structure, (iii) in its Federal Taxpayer Identification Number or organizational identification number or (iv) in its jurisdiction of organization. Each Grantor agrees to promptly provide the Collateral Agent with certified organizational documents reflecting any of the changes described in the first sentence of this paragraph. Each Grantor agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Article 9 Collateral. Each Grantor agrees promptly to notify the Collateral Agent if any material portion of the Article 9 Collateral owned or held by such Grantor is damaged or destroyed.

(b) Each Grantor agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Article 9 Collateral owned by it as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged, but in any event to include complete accounting records indicating all payments and proceeds received with respect to any part of the Article 9 Collateral, and, at such time or times as the Collateral Agent may reasonably request, promptly to prepare and deliver to the Collateral Agent a duly certified schedule or schedules in form and detail satisfactory to the Collateral Agent showing the identity, amount and location of any and all Article 9 Collateral.

(c) Each year, upon the request of the Collateral Agent, at the time of delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.01(a) of the Credit Agreement, the Borrower shall deliver to the Collateral Agent a certificate executed by a Financial Officer and the chief legal officer of the Borrower (i) setting forth the information required pursuant to the Perfection Certificate or confirming that there has been no change in such information since the date of such certificate or the date of the most recent certificate delivered pursuant to this

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Section 4.03(c) and (ii) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings recordings or registrations, including all refilings, recordings and registrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (a) of this Section 4.03 to the extent necessary to protect any perfect the Security Interest for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period). Each certificate delivered pursuant to this Section 4.03(c) shall identify in the format of Schedule II all registered or applied for Intellectual Property of any Grantor in existence on the date thereof and not then listed on such Schedules or previously so identified to the Collateral Agent.

(d) Each Grantor shall, at its own expense, take any and all actions reasonably necessary to defend title to the Article 9 Collateral against all Persons and to defend the Security Interest of the Collateral Agent in the Article 9 Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.06 of the Credit Agreement.

(e) Except as otherwise agreed to in Section 3.02, each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith.

Without limiting the generality of the foregoing, each Grantor hereby authorizes the Collateral Agent, with prompt notice thereof to the Grantors, to supplement this Agreement by supplementing Schedule II or adding additional schedules hereto to specifically identify any asset or item that may constitute registered or applied for Copyrights, Licenses, registered or applied for Patents or registered or applied for Trademarks; *provided* that any Grantor shall have the right, exercisable within 10 Business Days after it has been notified by the Collateral Agent of the specific identification of such Collateral, to advise the Collateral Agent in writing of any inaccuracy of the representations and warranties made by such Grantor hereunder with respect to such Collateral. Each Grantor agrees that it will use its reasonable efforts to take such action as shall be necessary in order that all representations and warranties hereunder shall be true and correct with respect to such Collateral within 30 days after the date it has been notified by the Collateral Agent of the specific identification of such Collateral.

(f) The Collateral Agent and such Persons as the Collateral Agent may reasonably designate shall have the right, at the Grantors' own cost and expense and with at least 10 Business Days prior notice, to inspect the Article 9 Collateral, all records related thereto (and to make extracts and copies from such records) and the premises

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upon which any of the Article 9 Collateral is located, to discuss the Grantors' affairs with the officers of the Grantors and their independent accountants and to verify under reasonable procedures, in accordance with Section 5.07 of the Credit Agreement, the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Article 9 Collateral, including, in the case of Accounts or Article 9 Collateral in the possession of any third person, by contacting Account Debtors or the third person possessing such Article 9 Collateral for the purpose of making such a verification, provided that (i) such inspection, discussion and verification shall be during normal business hours and shall not be materially disruptive to the business of the applicable Grantor, (ii) unless a Default or Event of Default shall have occurred and be continuing, there shall be no more than four separate instances of such inspections, discussions and verifications in any calendar year and (iii) no prior notice in respect of any such inspections, discussions and verifications shall be required if a Default or Event of Default shall have occurred and be continuing. The Collateral Agent shall have the absolute right to share any information it gains from such inspection or verification with any Secured Party.

(g) At its option, the Collateral Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Article 9 Collateral and not permitted pursuant to Section 6.06 of the Credit Agreement, and may pay for the maintenance and preservation of the Article 9 Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by the Collateral Agent pursuant to the foregoing authorization; *provided* that nothing in this paragraph shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

(h) If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other Person to secure payment and performance of an Account, such Grantor shall promptly assign such security interest to the Collateral Agent; provided that this requirement shall not apply to security interests that, in the aggregate, apply to property with a value of $1,000,000 or less. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other Person granting the security interest.

(i) Each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Article 9 Collateral, all in accordance with the terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold harmless the Collateral Agent and the Secured Parties from and against any and all liability for such performance.

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(j) Except as permitted by the Credit Agreement, this Agreement or any other Loan Document, none of the Grantors shall make or permit to be made an assignment, pledge or hypothecation of the Article 9 Collateral, shall grant any other Lien in respect of the Article 9 Collateral or make or permit to be made any transfer of the Article 9 Collateral, and the Article 9 Collateral owned by each Grantor shall remain at all times in possession of the Borrower or a Subsidiary of the Borrower; provided, however, that if the Collateral Agent shall notify the Grantors that an Event of Default shall have occurred and be continuing, during the continuance thereof the Grantors shall not sell, convey, lease, assign, transfer or otherwise dispose of any Article 9 Collateral (which notice may be given by telephone if promptly confirmed in writing). Without limiting the generality of the foregoing, each Grantor agrees that it shall not permit any Inventory (other than Inventory that, in the aggregate, has a value of $1,000,000 or less) to be in the possession or control of any warehouseman, agent, bailee, or processor at any time unless such warehouseman, bailee, agent or processor shall have been notified of the Security Interest and shall have acknowledged in writing, in form and substance reasonably satisfactory to the Collateral Agent, that such warehouseman, agent, bailee or processor holds the Inventory for the benefit of the Collateral Agent subject to the Security Interest and shall act upon the instructions of the Collateral Agent without further consent from the Grantor, and that such warehouseman, agent, bailee or processor further agrees to waive and release any Lien held by it with respect to such Inventory, whether arising by operation of law or otherwise.

(k) None of the Grantors will, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any Accounts included in the Article 9 Collateral, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, compromises, settlements, releases, credits or discounts granted or made in the ordinary course of business and consistent with its current practices and in accordance with such prudent and standard practice used in industries that are the same as or similar to those in which such Grantor is engaged.

(l) The Grantors, at their own expense, shall maintain or cause to be maintained insurance covering physical loss or damage to the Inventory and Equipment in accordance with the requirements set forth in Schedule III hereto and Section 6.05 of the Credit Agreement. Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Article 9 Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions

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with respect thereto as the Collateral Agent deems advisable. All sums disbursed by the Collateral Agent in connection with this paragraph, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

(m) Each Grantor shall maintain, in form and manner reasonably satisfactory to the Collateral Agent, records of its Chattel Paper and its books, records and documents evidencing or pertaining thereto.

SECTION 4.04. *Other Actions*. In order to further ensure the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Security Interest, each Grantor agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Article 9 Collateral:

(a) *Deposit Accounts*. For each Specified Deposit Account that any Grantor at any time opens or maintains, such Grantor shall, cause the depositary bank to agree to comply with instructions from the Collateral Agent to such depositary bank directing the disposition of funds from time to time credited to such Specified Deposit Account, without further consent of such Grantor or any other Person, pursuant to an agreement satisfactory to the Collateral Agent. The Collateral Agent agrees with each Grantor that the Collateral Agent shall not give any such instructions or withhold any withdrawal rights from any Grantor unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal would occur. The provisions of this paragraph shall not apply to (A) any deposit account for which any Grantor, the depositary bank and the Collateral Agent have entered into a cash collateral agreement specially negotiated among such Grantor, the depositary bank and the Collateral Agent for the specific purpose set forth therein and (B) deposit accounts for which the Collateral Agent is the depositary.

(b) *Investment Property*. Except to the extent otherwise provided in Article III, if any Grantor shall at any time hold or acquire any Pledged Intercompany Notes, such Grantor shall forthwith endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time specify; *provided*, that the Borrower shall not be required to comply with this provision until the 30th day after the Amendment Effective Date. With respect to any securities now or hereafter acquired by any Grantor, such Grantor shall promptly notify the Collateral Agent thereof and, at the Collateral Agent's request and option, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) cause the issuer to agree to comply with instructions from the Collateral Agent as to such securities, without further consent of any Grantor or such nominee, or (ii) arrange for the Collateral Agent to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by any Grantor are held by such Grantor or its nominee through a securities intermediary or commodity intermediary, such Grantor shall promptly notify the Collateral Agent thereof and, at the Collateral Agent's request and option, pursuant to an agreement in form and substance

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reasonably satisfactory to the Collateral Agent, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from the Collateral Agent to such securities intermediary as to such security entitlements, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Collateral Agent to such commodity intermediary, in each case without further consent of any Grantor or such nominee, or (ii) in the case of Financial Assets or other Investment Property held through a securities intermediary, arrange for the Collateral Agent to become the entitlement holder with respect to such investment property, with the Grantor being permitted, only with the consent of the Collateral Agent, to exercise rights to withdraw or otherwise deal with such investment property. The requirements set forth in the two immediately preceding sentences shall not apply to securities acquired or held by the Grantors which, in the aggregate, have a value of $1,000,000 or less. The Collateral Agent agrees with each of the Grantors that the Collateral Agent shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by any Grantor, unless an Event of Default has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights would occur. The provisions of this paragraph shall not apply to any financial assets credited to a securities account for which the Collateral Agent is the securities intermediary.

(c) *Electronic Chattel Paper and Transferable Records.* If any Grantor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, such Grantor shall promptly notify the Collateral Agent thereof and, at the request of the Collateral Agent, shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control under New York UCC Section 9-105 of such electronic chattel paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record; provided that this requirement shall not apply to any such interests in electronic chattel paper or transferable records which, in the aggregate, have a value of $1,000,000 or less. The Collateral Agent agrees with such Grantor that the Collateral Agent will arrange, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for the Grantor to make alterations to the electronic chattel paper or transferable record permitted under UCC Section 9-105 or, as the case may be, Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to allow alterations without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such electronic chattel paper or transferable record.

(d) *Letter-of-Credit Rights.* If any Grantor is at any time a beneficiary under a letter of credit now or hereafter issued in favor of such Grantor, such Grantor shall promptly notify the Collateral Agent thereof and, at the request and option of the

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Collateral Agent, such Grantor shall, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Collateral Agent of the proceeds of any drawing under the letter of credit or (ii) arrange for the Collateral Agent to become the transferee beneficiary of the letter of credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the letter of credit are to be paid to the applicable Grantor unless an Event of Default has occurred or is continuing; provided that this requirement shall not apply to all such letters of credit which, in the aggregate, are in an amount of $1,000,000 or less.

(e) *Commercial Tort Claims.* If any Grantor shall at any time hold or acquire a commercial tort claim in an amount reasonably estimated to exceed $1,000,000 the Grantor shall promptly notify the Collateral Agent thereof in a writing signed by such Grantor including a summary description of such claim and grant to the Collateral Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Collateral Agent; provided that, unless an Event of Default shall have occurred and be continuing, (i) upon delivery of a certificate of a Financial Officer to the Collateral Agent setting forth the amount of any monetary judgments, settlements and costs associated therewith of the Borrower or any Subsidiary resulting from any Specified Third Party Litigation and stating the amount of any proceeds from any Specified Borrower Litigation that the Borrower or any Subsidiary will apply to the payment of such judgments, settlements and associated costs, the Borrower shall be permitted to apply such amount of such proceeds against such judgments, settlements and associated costs and all security interests and other rights of the Collateral Agent in such amount of such proceeds shall be automatically released and terminated upon such application thereof and (ii) upon delivery of a certificate of a Financial Officer to the Collateral Agent stating the claims of the Borrower or any Subsidiary under the Specified Borrower Litigations that the Borrower or any Subsidiary will assign in connection with the settlement of any Specified Third Party Litigation, the Borrower shall be permitted to make such assignments and all security interests and other rights of the Collateral Agent in such claims shall be automatically released and terminated upon such assignments thereof.

SECTION 4.05. *Covenants Regarding Patent, Trademark and Copyright Collateral.* (a) Each Grantor agrees that it will not do any act, or omit to do any act, (and will exercise commercially reasonable efforts to prevent its licensees from doing any act or omitting to do any act) whereby any Patent that is material to the conduct of such Grantor's business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws.

(b) Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Grantor's business, (i) maintain such Trademark in full force free from any valid claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark,

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(iii) display such Trademark with notice of Federal or foreign registration to the extent necessary and sufficient to establish and preserve its maximum rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

(c) Each Grantor (either itself or through its licensees or sublicensees) will, for each work covered by a material Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws.

(d) Each Grantor shall notify the Collateral Agent promptly if it knows or has reason to know that any Patent, Trademark or Copyright material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any materially adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, United States Copyright Office or any court or similar office of any country) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or its right to keep and maintain the same.

(e) In no event shall any Grantor, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, unless it promptly informs the Collateral Agent, and, upon request of the Collateral Agent, executes and delivers any and all agreements, instruments, documents and papers as the Collateral Agent may reasonably request to evidence the Collateral Agent's security interest in such Patent, Trademark or Copyright, and each Grantor hereby appoints the Collateral Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable.

(f) Each Grantor will take all reasonably necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of any Grantor's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancelation proceedings against third parties.

(g) In the event that any Grantor has reason to believe that any Article 9 Collateral consisting of a Patent, Trademark or Copyright material to the conduct of any Grantor's business has been or is about to be infringed, misappropriated or diluted by a

third party, such Grantor promptly shall notify the Collateral Agent and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Article 9 Collateral.

(h) Upon the occurrence and during the continuance of an Event of Default, each Grantor shall use its reasonable efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all such Grantor's right, title and interest thereunder to the Collateral Agent or its designee.

ARTICLE V

Limitations on Obligations Guaranteed and Secured by Subsidiary Parties

SECTION 5.01. *Obligations Guaranteed and Secured by Subsidiary Parties.* Notwithstanding any other provision of this Agreement, for so long as the Senior Subordinated Credit Agreement or any Restrictive Indenture shall remain in effect, (a) no Obligation shall be guaranteed or secured by any Lien granted by a Subsidiary Party to the extent that the guaranteeing or securing of such Obligation by such Subsidiary Party would be prohibited by the Senior Subordinated Credit Agreement or such Restrictive Indenture and (b) the amount of the Obligations guaranteed or secured by Liens granted by any Subsidiary Party or by all the Subsidiary Parties shall not exceed the maximum amount of the Obligations that can be so guaranteed or secured without violation of the Senior Subordinated Credit Agreement or such Restrictive Indenture. If at any time after the date hereof any Obligations that could not theretofore be guaranteed or secured by any Lien granted by a Subsidiary Party may be so guaranteed or secured without violation of the Senior Subordinated Credit Agreement or any Restrictive Indenture, or the amount of the Obligations that can be guaranteed or secured by Liens granted by any Subsidiary Party or by all the Subsidiary Parties without violation of the Senior Subordinated Credit Agreement or any Restrictive Indenture shall increase, in either case by reason of (a) the termination of the Senior Subordinated Credit Agreement or any Restrictive Indenture or any provisions therein, (b) any amendment of or waiver under the Senior Subordinated Credit Agreement or any Restrictive Indenture, (c) any increase in any basket or exception (including any basket or exception for Restricted Payments, as defined in the Senior Subordinated Credit Agreement or any Restrictive Indenture) as a result of the financial performance of the Borrower and the Subsidiaries or otherwise, (d) any increase in the outstanding amount of any Obligations or (e) any other event or condition, the amount of the outstanding Obligations guaranteed or secured by Liens granted by the Subsidiary Parties shall be simultaneously and automatically increased to the maximum amount permitted to be so guaranteed or secured. No amount of Obligations that shall be guaranteed or secured by Liens granted by any Subsidiary Party in accordance with the foregoing provisions of this Article shall at any time cease to be so guaranteed or secured as a result of (a) any subsequent amendment of or waiver

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under the Senior Subordinated Credit Agreement or any Restrictive Indenture, (b) any subsequent change in the amount of any basket or exception under the Senior Subordinated Credit Agreement or any Restrictive Indenture or (c) any other event or condition; *provided*, that (i) if the outstanding amount of the Obligations shall be reduced below the amount permitted to be guaranteed or secured by Liens granted by the Subsidiary Parties and shall later be increased, the newly incurred Obligations will be guaranteed and secured by Liens granted by the Subsidiary Parties only to the extent permitted under the Senior Subordinated Credit Agreement and the Restrictive Indentures at the time of such increase or thereafter (but without giving effect to any amendment to the Senior Subordinated Credit Agreement or any Restrictive Indenture after the date hereof that reduces the amount of the Obligations that can be guaranteed or secured) and (ii) if the Borrower shall make any Restricted Payment (as defined in the Senior Subordinated Credit Agreement or any Restrictive Indenture) permitted under Section 6.02, 6.03(b), 6.09(a) or 6.09(b) of the Credit Agreement, the amount of the Obligations guaranteed or secured by Liens granted by the Subsidiary Parties shall be automatically reduced at the time such Restricted Payment is made to the extent, and only to the extent, required to permit such Restricted Payment to be made without violation of the Senior Subordinated Credit Agreement or any Restrictive Indenture.

SECTION 5.02. *Maintenance of Records*. The Borrower and the Subsidiary Parties will at all times maintain records that will permit the Obligations that are at any time guaranteed or secured by Liens granted by Subsidiary Parties in accordance with Section 5.01 and the other provisions of this Agreement to be identified and quantified, and will make such records available to the Collateral Agent and each Lender upon request.

ARTICLE VI

Remedies

SECTION 6.01. *Remedies Upon Default*. Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times: (a) with respect to any Article 9 Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Article 9 Collateral by the applicable Grantors to the Collateral Agent, or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any such Article 9 Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any applicable laws or regulations or then-existing licensing arrangements to the extent that waivers cannot be obtained), and (b) with or without legal process and with or without prior notice or demand for performance, to take possession of the Article 9 Collateral and without liability for trespass to enter any premises where the Article 9 Collateral may be located for the purpose of taking possession of or removing the Article 9 Collateral and, generally, to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other applicable law. Without

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limiting the generality of the foregoing, each Grantor agrees that the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral at a public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale of securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any sale of Collateral 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 law) all rights of redemption, stay and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the applicable Grantors 10 days' written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-611 of the New York UCC or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral , or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Agreement, any Secured Party may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property

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without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Section 6.01 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the New York UCC or its equivalent in other jurisdictions.

SECTION 6.02. *Application of Proceeds*. The Collateral Agent shall apply the proceeds of any collection or sale of Collateral, including any Collateral consisting of cash, as follows:

> FIRST, to the payment of all costs and expenses incurred by the Collateral Agent in connection with such collection or sale or otherwise in connection with this Agreement, any other Loan Document or any of the Obligations, including all court costs and the fees and expenses of its agents and legal counsel, the repayment of all advances made by the Collateral Agent hereunder or under any other Loan Document on behalf of any Grantor and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document;
>
> SECOND, to the payment in full of the Obligations secured by such Collateral (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of such Obligations owed to them on the date of any such distribution); and
>
> THIRD, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 6.03. *Grant of License to Use Intellectual Property*. For the purpose of enabling the Collateral Agent to exercise rights and remedies under this

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Agreement 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 an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, license or sublicense any of the Article 9 Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent may be exercised, at the option of the Collateral Agent, solely upon the occurrence and during the continuation of an Event of Default; *provided* that any license, sublicense or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon the Grantors notwithstanding any subsequent cure of an Event of Default.

SECTION 6.04. *Securities Act.* In view of the position of the Grantors in relation to the Pledged Collateral, or because of other current or future circumstances, a question may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "*Federal Securities Laws*") with respect to any disposition of the Pledged Collateral permitted hereunder. Each Grantor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Pledged Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Pledged Collateral under applicable Blue Sky or other state securities laws or similar laws analogous in purpose or effect. Each Grantor recognizes that in light of such restrictions and limitations the Collateral Agent may, with respect to any sale of the Pledged Collateral, limit the purchasers to those who will agree, among other things, to acquire such Pledged Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that in light of such restrictions and limitations, the Collateral Agent, in its sole and absolute discretion (a) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Collateral or part thereof shall have been filed under the Federal Securities Laws and (b) may approach and negotiate with a single potential purchaser to effect such sale. Each Grantor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Collateral Agent shall incur no responsibility or liability for selling all or any part of the Pledged Collateral at a price that the Collateral Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this Section 6.04 will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Collateral Agent sells.

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SECTION 6.05. *Registration.* Each Grantor agrees that, upon the occurrence and during the continuance of an Event of Default, if for any reason the Collateral Agent desires to sell any of the Pledged Collateral at a public sale, it will, at any time and from time to time, upon the written request of the Collateral Agent, use its reasonable efforts to take or to cause the issuer of such Pledged Collateral to take such action and prepare, distribute and/or file such documents, as are required or advisable in the reasonable opinion of counsel for the Collateral Agent to permit the public sale of such Pledged Collateral. Each Grantor further agrees to indemnify, defend and hold harmless the Collateral Agent, each other Secured Party, any underwriter and their respective officers, directors, affiliates and controlling persons from and against all loss, liability, expenses, costs of counsel (including reasonable fees and expenses to the Collateral Agent of legal counsel), and claims (including the costs of investigation) that they may incur insofar as such loss, liability, expense or claim arises out of or is based upon any alleged untrue statement of a material fact contained in any prospectus (or any amendment or supplement thereto) or in any notification or offering circular, or arises out of or is based upon any alleged omission to state a material fact required to be stated therein or necessary to make the statements in any thereof not misleading, except insofar as the same may have been caused by any untrue statement or omission based upon information furnished in writing to such Grantor or the issuer of such Pledged Collateral by the Collateral Agent or any other Secured Party expressly for use therein. Each Grantor further agrees, upon such written request referred to above, to use its reasonable efforts to qualify, file or register, or cause the issuer of such Pledged Collateral to qualify, file or register, any of the Pledged Collateral under the Blue Sky or other securities laws of such states as may be requested by the Collateral Agent and keep effective, or cause to be kept effective, all such qualifications, filings or registrations. Each Grantor will bear all costs and expenses of carrying out its obligations under this Section 6.05. Each Grantor acknowledges that there is no adequate remedy at law for failure by it to comply with the provisions of this Section 6.05 and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements contained in this Section 6.05 may be specifically enforced.

ARTICLE VII

Indemnity, Subrogation and Subordination

SECTION 7.01. *Indemnity and Subrogation.* In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 7.03), the Borrower agrees that (a) in the event a payment of an obligation shall be made by any Guarantor under this Agreement, the Borrower shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the Person to whom such payment shall have been made to the extent of such payment and (b) in the event any assets of any Grantor shall be sold pursuant to this Agreement or any other Security Document to satisfy in whole or in part an obligation owed to any Secured Party, the Borrower shall indemnify such Grantor in an amount equal to the greater of the book value or the fair market value of the assets so sold.

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SECTION 7.02. *Contribution and Subrogation*. Each Subsidiary Party (a "*Contributing Party*") agrees (subject to Section 7.03) that, in the event a payment shall be made by any other Subsidiary Party hereunder in respect of any Obligation or assets of any other Subsidiary Party shall be sold pursuant to any Security Document to satisfy any Obligation owed to any Secured Party and such other Subsidiary Party (the "*Claiming Party*") shall not have been fully indemnified by the Borrower as provided in Section 7.01, the Contributing Party shall indemnify the Claiming Party in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as the case may be, in each case multiplied by a fraction of which the numerator shall be the net worth of the Contributing Party on the date hereof and the denominator shall be the aggregate net worth of all the Subsidiary Party on the date hereof (or, in the case of any Subsidiary Party becoming a party hereto pursuant to Section 8.14, the date of the supplement hereto executed and delivered by such Subsidiary Party). Any Contributing Party making any payment to a Claiming Party pursuant to this Section 7.02 shall be subrogated to the rights of such Claiming Party under Section 7.01 to the extent of such payment.

SECTION 7.03. *Subordination*. (a) Notwithstanding any provision of this Agreement to the contrary, all rights of the Guarantors and Grantors under Sections 7.01 and 7.02 and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Obligations. No failure on the part of the Borrower or any Guarantor or Grantor to make the payments required by Sections 7.01 and 7.02 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor or Grantor with respect to its obligations hereunder, and each Guarantor and Grantor shall remain liable for the full amount of the obligations of such Guarantor or Grantor hereunder.

(b) Each Guarantor and Grantor hereby agrees that all Indebtedness and other monetary obligations owed by it to any other Guarantor, Grantor or any other Subsidiary shall be fully subordinated to the indefeasible payment in full in cash of the Obligations.

ARTICLE VIII

Miscellaneous

SECTION 8.01. *Notices*. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to any Subsidiary Party shall be given to it in care of the Borrower as provided in Section 9.01 of the Credit Agreement.

SECTION 8.02. *Waivers; Amendment*. (a) No failure or delay by the Collateral Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or

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discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent, each Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 8.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Collateral Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time. No notice or demand on any Loan Party in any case shall entitle any Loan Party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Loan Party or Loan Parties with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.02 of the Credit Agreement.

SECTION 8.03. *Collateral Agent's Fees and Expenses; Indemnification.* (a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its expenses incurred hereunder as provided in Section 9.03 of the Credit Agreement.

(b) Without limitation of its indemnification obligations under the other Loan Documents, each Grantor and each Guarantor jointly and severally agrees to indemnify the Collateral Agent and the other Indemnitees (as defined in Section 9.03 of the Credit Agreement) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of, the execution, delivery or performance of this Agreement or any claim, litigation, investigation or proceeding relating to any of the foregoing agreement or instrument contemplated hereby, or to the Collateral, (including any such claim, litigation, investigation or proceeding brought by or on behalf of any Grantor, Guarantor or any Related Party of a Grantor or Guarantor) whether or not any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 8.03 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity

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or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 8.03 shall be payable on written demand therefor.

SECTION 8.04. *Successors and Assigns*. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Guarantor, Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

SECTION 8.05. *Survival of Agreement*. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any Lender or on its behalf and notwithstanding that the Collateral Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended under the Credit Agreement, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under any Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated.

SECTION 8.06. *Counterparts; Effectiveness; Several Agreement*. This Agreement may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute single contract. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement. This Agreement shall become effective as to any Loan Party when a counterpart hereof executed on behalf of such Loan Party shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Loan Party and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of such Loan Party, the Collateral Agent and the other Secured Parties and their respective successors and assigns, except that no Loan Party shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement or the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each Loan Party and may be amended, modified, supplemented, waived or released with respect to any Loan Party without the approval of any other Loan Party and without affecting the obligations of any other Loan Party hereunder.

SECTION 8.07. *Severability*. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be

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ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8.08. *Right of Set-Off.* If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Subsidiary Party against any of and all the obligations of such Subsidiary Party now or hereafter existing under this agreement owed to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section 8.08 are in addition to other rights and remedies (including other rights of set-off) which such Lender may have.

SECTION 8.09. *Governing Law; Jurisdiction; Consent to Service of Process*. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of the Loan Parties hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Collateral Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Grantor or Guarantor, or its properties in the courts of any jurisdiction.

(c) Each of the Loan Parties hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section 8.09. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

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(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 8.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 8.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.10.

SECTION 8.11. *Headings*. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 8.12. *Security Interest Absolute*. All rights of the Collateral Agent hereunder, the Security Interest, the grant of a security interest in the Pledged Collateral and all obligations of each Grantor and Guarantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor or Guarantor in respect of the Obligations or this Agreement.

SECTION 8.13. *Termination or Release*. (a) This Agreement, the Guarantees made herein, the Security Interest and all other security interests granted hereby shall terminate automatically hereunder and all rights to the Collateral shall automatically revert to the Grantors with no further action on the part of any Person when all the Obligations have been indefeasibly paid in full and the Lenders have no further commitment to lend under the Credit Agreement, the LC Exposure has been reduced to zero and each Issuing Bank has no further obligations to issue Letters of Credit under the

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Credit Agreement and, as of such date, the Collateral Agent shall be deemed to have authorized each Grantor to file financing statements, including amendments and terminations, to evidence such termination.

(b) Any Subsidiary Party shall be released from its obligations hereunder, and the Liens created hereunder in any Collateral shall be released, as provided in Section 9.14 of the Credit Agreement.

(c) In connection with any termination or release pursuant to paragraph (a) or (b), the Collateral Agent shall execute and deliver to any Grantor, at such Grantor's expense, all documents that such Grantor shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section 8.13 shall be without recourse to or warranty by the Collateral Agent.

(d) Upon any disposition of property permitted by the Credit Agreement and subject to all applicable requirements of the Credit Agreement (including the requirements set forth in the proviso in the definition of "Credit Support Subsidiaries" in the Credit Agreement), (i) the Security Interest granted herein on such property shall be automatically released in accordance with Section 9.14 of the Credit Agreement and (ii) the Collateral Agent shall as of such date be deemed to have authorized the filing of financing statement amendments to evidence the foregoing release. The Collateral Agent shall further execute and deliver to any Grantor, at such Grantor's expense, all documents that such Grantor shall reasonably request to evidence such release.

SECTION 8.14. *Additional Subsidiaries*. Subsidiaries of the Company may from time to time be required to enter into this Agreement as a Subsidiary Parties under Section 5.14 or 5.15 of the Credit Agreement. Upon the execution and delivery by the Collateral Agent and a Subsidiary of an instrument in the form of Exhibit I hereto, such Subsidiary shall become a Subsidiary Party hereunder with the same force and effect as if originally named as a Subsidiary Party herein. The execution and delivery of any such instrument shall not require the consent of any other Loan Party. The rights and obligations of each Loan Party hereunder shall remain in full force and effect notwithstanding the addition of any Subsidiary as a party to this Agreement.

SECTION 8.15. *Collateral Agent Appointed Attorney-in-Fact*. Each Grantor hereby appoints the Collateral Agent the attorney-in-fact of such Grantor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, with full power of substitution either in the Collateral Agent's name or in the name of such Grantor (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (d) to send verifications

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of Accounts Receivable to any Account Debtor; (e) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (g) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent; and (h) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; *provided* that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor 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 wilful misconduct.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

HEALTHSOUTH CORPORATION,

By John Workman

Name: John Workman
Title: Executive VP & CFO

JPMORGAN CHASE BANK, N.A.
AS COLLATERAL AGENT,

by

Name:
Title:

[[2482518]]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

HEALTHSOUTH CORPORATION,

By

Name:
Title:

JPMORGAN CHASE BANK, N.A.
AS COLLATERAL AGENT,

by

Name:
Title: DAWN LEE LUM
VICE PRESIDENT

[[2482518]]

Schedule I to Collateral and Guarantee Agreement

Pledged Debt Securities

The Intercompany Notes set forth on Schedule VI hereto.

Amended and Restated Working Capital Promissory Note in the original principal amount of $25,000,00.00 issued by Meadowbrook Healthcare, Inc. to HEALTHSOUTH dated as of December 31, 2001.

Amended and Restated Purchase Money Promissory Note in the original principal amount of $9,702,184.00 issued by Meadowbrook Healthcare, Inc. to HEALTHSOUT dated as of December 31, 2002.

Pledged Stock

Entity Name	Certificate Number	Registered Owner	Number and Class of Equity Interest
Advantage Health Corporation (DE)(CT)(FL)(MA)(ME)(PA)(VT)	NS012	HEALTHSOUTH Corporation	Common Stock
ASC Network Corporation (DE)(AL)(CA)(FL)(IL)(IN)(NJ)(NY)(PA)(TX)	NS004	HEALTHSOUTH Corporation	Common Stock
CMS Therapies Provider, Inc. (NC)(AL)(AR)(CA)(FL)(GA)(IL)(IN)(IA)(KS) (KY)(LA)(MD)(MI)(MS)(MO)(NC)(OH)(PA)(SC)(TN)(TX)(VA)(WI)	NS002	HEALTHSOUTH Corporation	Common Stock
Continental Medical Systems, Inc. (DE)(CA)(MD)(PA)(TX)	NS001	HEALTHSOUTH Corporation	Common Stock
Diagnostic Health Corporation (DE)(AL)(AZ)(CA)(CO)(DC)(FL)(GA)(IA)(IL)(IN)(KS)(KY)(LA) (MA)(MD)(MO)(MS)(NC)(NJ)(NM)(NV)(OH)(OK)(PA)(SC)(TN)(TX)(UT)(VA)(WA)	39 & 40	HEALTHSOUTH Corporation	Common Stock
Eagle Rehab Corporation (DE)(AZ)(AR)(CA)(CO)(FL)(IL)(IN)(KS)(LA)(MD)(MI) (MS)(NV)(OH)(OR)(PA)(TX)(VA)(WA)	NS002	HEALTHSOUTH Corporation	Common Stock
Eagle Rehab Corporation (WA)(ID)	NS002	HEALTHSOUTH Corporation	Common Stock
Encinitas Physical Therapy and Sports Rehabilitation, Inc. (CA)	NS003	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Aviation, Inc. (AL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Doctors' Hospital, Inc. (DE)(FL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Holdings, Inc. (DE)(AL)(AR)(CO)(CT)(DC)(GA)(IL)(IA)(IN)(KY)(LA)	1	HEALTHSOUTH Corporation	Common Stock

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Entity Name	Certificate Number	Registered Owner	Number and Class of Equity Interest
(MA)(MD)(ME)(MS)(MO)(NE)(NH)(NV)(NJ)(NC)(NY)(OH)(OK)(PA)(RI)(SC)(SD)(TN)(VA)(VT)(WA)(WI)(WV)			
HEALTHSOUTH International, Inc. (DE)(AL)(AU)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH LTAC of Sarasota, Inc. (DE)(FL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH LTCH of Huntsville, Inc. (AL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Medical Center, Inc. (DE)(AL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH MRI of Gadsden, Inc. (DE)(AL)	3	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Network Services, Inc. (DE)(AK)(AL)(AZ)(AR)(CA)(CO)(CT)(DC)(FL)(GA)(HI)(ID)(IL)(IN)(IA)(KS)(KY)(LA)(MA)(MD)(ME)(MI)(MN)(MO)(MS)(MT)(NC)(ND)(NE)(NH)(NJ)(NM)(NV)(OH)(OK)(OR)(PA)(RI)(SC)(SD)(TN)(TX)(UT)(VA)(VT)(WA)(WI)(WV)(WY)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Alexandria, Inc. (DE)(LA)	2	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Altoona, Inc. (DE)(MD)(PA)(WV)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Austin, Inc. (DE)(TX)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Birmingham, Inc. (DE)(AL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Charleston, Inc. (DE)(SC)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Chesapeake, Inc. (DE)(MD)	NS002	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Columbia, Inc. (DE)(MO)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Dothan, Inc. (AL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of East Tennessee, Inc. (DE)(TN)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Erie, Inc. (DE)(OH)(PA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Fort Smith, Inc. (DE)(AR)(OK)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Henderson, Inc. (DE)(NV)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Houston, Inc. (DE)(TX)	1	HEALTHSOUTH Corporation	Common Stock

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Entity Name	Certificate Number	Registered Owner	Number and Class of Equity Interest
HEALTHSOUTH of Mechanicsburg, Inc. (DE)(PA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Michigan, Inc. (DE)(MI)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Midland, Inc. (DE)(TX)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Montgomery, Inc. (AL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Naples, Inc. (FL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of New Hampshire, Inc. (DE)(NH)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of New Mexico, Inc. (NM)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of New Orleans, Inc. (DE)(LA)	2	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Nittany Valley, Inc. (DE)(PA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Ontario, Inc. (DE)(TX)(Canada) (BC) (Ont.) (Que.) (Alb.)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Pittsburgh, Inc. (DE)(PA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Reading, Inc. (DE)(PA)	NS002	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of San Antonio, Inc. (DE)(TX)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Sewickley, Inc. (DE)(PA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of South Carolina, Inc. (DE)(SC)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Spring Hill, Inc. (DE)(FL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Texarkana, Inc. (DE)(TX)(LA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Texas, Inc. (TX)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Toms River, Inc. (DE)(NJ)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Treasure Coast, Inc. (DE)(FL)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Utah, Inc. (DE)(UT)	1	HEALTHSOUTH Corporation	Common Stock

Entity Name	Certificate Number	Registered Owner	Number and Class of Equity Interest
HEALTHSOUTH of York, Inc. (DE)(PA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH of Yuma, Inc. (DE)(AZ)	2	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Open MRI at Southlake, Inc. (DE)(AL)	2	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Orthopedic Services, Inc. (DE)(AL)(CA)(CO)(FL)(IL)(MD)(MO)(NJ) (NC)(OH)(OR)(PA)(SC)(TX)(WA)(WI)	NS002	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Properties Corporation (DE)(AL)(AZ)(CA)(FL)(IN)(KY)(NM)(OH)(TN)(TX)(WV)	NS002	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Real Property Holding Corporation (DE)(AL)(AZ)(FL)(NC)(TX)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Rehabilitation Center, Inc. (SC)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Rehabilitation Hospital of Manati, Inc. (DE) (to be qual. In Puerto Rico)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Rehabilitation Hospital of Odessa, Inc. (DE)(TX)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Specialty Hospital, Inc. (TX)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Specialty Hospital of Union, Inc. f/k/a HEALTHSOUTH of Raritan Bay, Inc. (DE)(NJ)	NS002	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Specialty Hospital of Winnfield, Inc. (DE)(LA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Sub-Acute Center of Mechanicsburg, Inc. (DE)(PA)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Surgery Centers-West, Inc. (DE)(AL)(AZ)(CA)(UT)	1	HEALTHSOUTH Corporation	Common Stock
HEALTHSOUTH Surgical Center of Tuscaloosa, Inc. (AL)	1	HEALTHSOUTH Corporation	Common Stock
Lakeshore System Services of Florida, Inc. (FL)	NS003	HEALTHSOUTH Corporation	Common Stock
MCA Sports of Amarillo, Inc. (TX)	3	HEALTHSOUTH Corporation	Common Stock
National Imaging Affiliates, Inc. (DE)(TN)	NS002	HEALTHSOUTH Corporation	Common Stock
National Surgery Centers, Inc. (DE)(IL)	NS002	HEALTHSOUTH Corporation	Common Stock
Physical Therapeutix, Inc. (MI)	11	HEALTHSOUTH Corporation	Common Stock
Physician Practice Management Corporation	1	HEALTHSOUTH Corporation	Common Stock

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Entity Name	Certificate Number	Registered Owner	Number and Class of Equity Interest
(DE)(AL)(FL)(VA)			
Professional Sports Care Management, Inc.	NS002	HEALTHSOUTH Corporation	Common Stock
(DE)(CT)(NJ)(NY)			
Professional Therapy Systems, Inc.	2	HEALTHSOUTH Corporation	Common Stock
(TN)			
Rebound, Inc.	NS004	HEALTHSOUTH Corporation	Common Stock
(DE)(AL)(FL)(GA)(LA)(MO)(OH)(SC)(TN)(TX)(WV)			
Rehabilitation Hospital Corporation of America, Inc.	NS037	HEALTHSOUTH Corporation	Common Stock
(DE)(IN)(MD)(PA)((TX)(VA)(WV)			
Rehabilitation Hospital of Fredericksburg, Inc.	1	HEALTHSOUTH Corporation	Common Stock
(DE)(VA)			
Rehabilitation Hospital of Petersburg, Inc.	2	HEALTHSOUTH Corporation	Common Stock
(DE)(VA)			
Surgery Center Holding Corporation	NS002	HEALTHSOUTH Corporation	Common Stock
(DE)(IL)(LA)(NC)			
Surgical Care Affiliates, Inc.	NS002	HEALTHSOUTH Corporation	Common Stock
(DE)(AL)(TN)(PA)			
Surgical Health Corporation	1266	HEALTHSOUTH Corporation	Common Stock
(DE)(AL)(ID)(MO)			

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Schedule I to Collateral

Pledged D

The Intercompany Notes set forth on Schedule VI hereto.

Amended and Restated Working Capital Promissory Note in the original principal amount H Corporation dated as of December 31, 2001.

Amended and Restated Purchase Money Promissory Note in the original principal amoun H Corporation dated as of December 31, 2002.

Pledg

Entity Name	Percentage of Equity Interest
Advantage Health Corporation (DE)(CT)(FL)(MA)(ME)(PA)(VT)	100%
ASC Network Corporation (DE)(AL)(CA)(FL)(IL)(IN)(NJ)(NY)(PA)(TX)	100%
CMS Therapies Provider, Inc. (NC)(AL)(AR)(CA)(FL)(GA)(IL)(IN)(IA)(KS) (KY)(LA)(MD)(MI)(MS)(MO)(NC)(OH)(PA)(SC)(TN)(TX)(VA)(WI)	100%
Continental Medical Systems, Inc. (DE)(CA)(MD)(PA)(TX)	100%
Diagnostic Health Corporation (DE)(AL)(AZ)(CA)(CO)(DC)(FL)(GA)(IA)(IL)(IN)(KS)(KY)(LA) (MA)(MD)(MO)(MS)(NC)(NJ)(NM)(NV)(OH)(OK)(PA)(SC)(TN)(TX)(UT)(VA)(WA)	100%
Eagle Rehab Corporation (DE)(AZ)(AR)(CA)(CO)(FL)(IL)(IN)(KS)(LA)(MD)(MI) (MS)(NV)(OH)(OR)(PA)(TX)(VA)(WA)	100%
Eagle Rehab Corporation (WA)(ID)	100%
Encinitas Physical Therapy and Sports Rehabilitation, Inc. (CA)	100%
HEALTHSOUTH Aviation, Inc. (AL)	100%
HEALTHSOUTH Doctors' Hospital, Inc. (DE)(FL)	100%
HEALTHSOUTH Holdings, Inc. (DE)(AL)(AR)(CO)(CT)(DC)(GA)(IL)(IA)(IN)(KY)(LA)	100%

TRADEMARK
REEL: 003059 FRAME: 0392

Entity Name	Percentage of Equity Interest
(MA)(MD)(ME)(MS)(MO)(NE)(NH)(NV)(NJ)(NC)(NY)(OH)(OK)(PA)(RI)(SC)(SD)	
(TN)(VA)(VT)(WA)(WI)(WV)	
HEALTHSOUTH International, Inc.	100%
(DE)(AL)(AU)	
HEALTHSOUTH LTAC of Sarasota, Inc.	100%
(DE)(FL)	
HEALTHSOUTH LTCH of Huntsville, Inc.	100%
(AL)	
HEALTHSOUTH Medical Center, Inc.	100%
(DE)(AL)	
HEALTHSOUTH MRI of Gadsden, Inc.	100%
(DE)(AL)	
HEALTHSOUTH Network Services, Inc.	100%
(DE)(AK)(AL)(AZ)(AR)(CA)(CO)(CT)(DC)(FL)(GA)(HI)(ID)(IL)(IN)(IA)(KS)(KY)	
(LA)(MA)(MD)(ME)(MI)(MN)(MO)(MS)(MT)(NC)(ND)(NE)(NH)(NJ)(NM)(NV)	
(OH)(OK)(OR)(PA)(RI)(SC)(SD)(TN)(TX)(UT)(VA)(VT)(WA)(WI)(WV)(WY)	
HEALTHSOUTH of Alexandria, Inc.	100%
(DE)(LA)	
HEALTHSOUTH of Altoona, Inc.	100%
(DE)(MD)(PA)(WV)	
HEALTHSOUTH of Austin, Inc.	100%
(DE)(TX)	
HEALTHSOUTH of Birmingham, Inc.	100%
(DE)(AL)	
HEALTHSOUTH of Charleston, Inc.	100%
(DE)(SC)	
HEALTHSOUTH of Chesapeake, Inc.	100%
(DE)(MD)	
HEALTHSOUTH of Columbia, Inc.	100%
(DE)(MO)	
HEALTHSOUTH of Dothan, Inc.	100%
(AL)	
HEALTHSOUTH of East Tennessee, Inc.	100%
(DE)(TN)	
HEALTHSOUTH of Erie, Inc.	100%
(DE)(OH)(PA)	
HEALTHSOUTH of Fort Smith, Inc.	100%
(DE)(AR)(OK)	
HEALTHSOUTH of Henderson, Inc.	100%
(DE)(NV)	
HEALTHSOUTH of Houston, Inc.	100%
(DE)(TX)	

TRADEMARK
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Entity Name	Percentage of Equity Interest
HEALTHSOUTH of Mechanicsburg, Inc. (DE)(PA)	100%
HEALTHSOUTH of Michigan, Inc. (DE)(MI)	100%
HEALTHSOUTH of Midland, Inc. (DE)(TX)	100%
HEALTHSOUTH of Montgomery, Inc. (AL)	100%
HEALTHSOUTH of Naples, Inc. (FL)	100%
HEALTHSOUTH of New Hampshire, Inc. (DE)(NH)	100%
HEALTHSOUTH of New Mexico, Inc. (NM)	100%
HEALTHSOUTH of New Orleans, Inc. (DE)(LA)	100%
HEALTHSOUTH of Nittany Valley, Inc. (DE)(PA)	100%
HEALTHSOUTH of Ontario, Inc. (DE)(TX)(Canada) (BC) (Ont.) (Que.) (Alb.)	100%
HEALTHSOUTH of Pittsburgh, Inc. (DE)(PA)	100%
HEALTHSOUTH of Reading, Inc. (DE)(PA)	100%
HEALTHSOUTH of San Antonio, Inc. (DE)(TX)	100%
HEALTHSOUTH of Sewickley, Inc. (DE)(PA)	100%
HEALTHSOUTH of South Carolina, Inc. (DE)(SC)	100%
HEALTHSOUTH of Spring Hill, Inc. (DE)(FL)	100%
HEALTHSOUTH of Texarkana, Inc. (DE)(TX)(LA)	100%
HEALTHSOUTH of Texas, Inc. (TX)	100%
HEALTHSOUTH of Toms River, Inc. (DE)(NJ)	100%
HEALTHSOUTH of Treasure Coast, Inc. (DE)(FL)	100%
HEALTHSOUTH of Utah, Inc. (DE)(UT)	100%

TRADEMARK
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Entity Name	Percentage of Equity Interest
HEALTHSOUTH of York, Inc. (DE)(PA)	100%
HEALTHSOUTH of Yuma, Inc. (DE)(AZ)	100%
HEALTHSOUTH Open MRI at Southlake, Inc. (DE)(AL)	100%
HEALTHSOUTH Orthopedic Services, Inc. (DE)(AL)(CA)(CO)(FL)(IL)(MD)(MO)(NJ) (NC)(OH)(OR)(PA)(SC)(TX)(WA)(WI)	100%
HEALTHSOUTH Properties Corporation (DE)(AL)(AZ)(CA)(FL)(IN)(KY)(NM)(OH)(TN)(TX)(WV)	100%
HEALTHSOUTH Real Property Holding Corporation (DE)(AL)(AZ)(FL)(NC)(TX)	100%
HEALTHSOUTH Rehabilitation Center, Inc. (SC)	100%
HEALTHSOUTH Rehabilitation Hospital of Manati, Inc. (DE) (to be qual. In Puerto Rico)	100%
HEALTHSOUTH Rehabilitation Hospital of Odessa, Inc. (DE)(TX)	100%
HEALTHSOUTH Specialty Hospital, Inc. (TX)	100%
HEALTHSOUTH Specialty Hospital of Union, Inc. f/k/a HEALTHSOUTH of Raritan Bay, Inc. (DE)(NJ)	100%
HEALTHSOUTH Specialty Hospital of Winnfield, Inc. (DE)(LA)	100%
HEALTHSOUTH Sub-Acute Center of Mechanicsburg, Inc. (DE)(PA)	100%
HEALTHSOUTH Surgery Centers-West, Inc. (DE)(AL)(AZ)(CA)(UT)	100%
HEALTHSOUTH Surgical Center of Tuscaloosa, Inc. (AL)	100%
Lakeshore System Services of Florida, Inc. (FL)	100%
MCA Sports of Amarillo, Inc. (TX)	100%
National Imaging Affiliates, Inc. (DE)(TN)	100%
National Surgery Centers, Inc. (DE)(IL)	100%
Physical Therapeutix, Inc. (MI)	100%
Physician Practice Management Corporation	100%

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Entity Name	Percentage of Equity Interest
(DE)(AL)(FL)(VA)	
Professional Sports Care Management, Inc.	100%
(DE)(CT)(NJ)(NY)	
Professional Therapy Systems, Inc.	100%
(TN)	
Rebound, Inc.	100%
(DE)(AL)(FL)(GA)(LA)(MO)(OH)(SC)(TN)(TX)(WV)	
Rehabilitation Hospital Corporation of America, Inc.	100%
(DE)(IN)(MD)(PA)((TX)(VA)(WV)	
Rehabilitation Hospital of Fredericksburg, Inc.	100%
(DE)(VA)	
Rehabilitation Hospital of Petersburg, Inc.	100%
(DE)(VA)	
Surgery Center Holding Corporation	100%
(DE)(IL)(LA)(NC)	
Surgical Care Affiliates, Inc.	100%
(DE)(AL)(TN)(PA)	
Surgical Health Corporation	100%
(DE)(AL)(ID)(MO)	

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ENTITY NAME	CERTIFICATE NUMBER	REGISTERED OWNER	NUMBER AND CLASS OF EQUITY INTEREST	PERCENTAGE OF EQUITY INTEREST
HEALTHSOUTH Occupational Medicine Center of San Diego Limited Partnership (AL) (CA) (GP - HEALTHSOUTH Corporation - 95%; LP - HEALTHSOUTH Real Property Holding Corporation - 5%)		HEALTHSOUTH Corporation	General Partner	95%
HEALTHSOUTH Orthopedic & Rehabilitation Center of Pittsburgh, Limited Partnership (AL)(PA) (GP - HEALTHSOUTH Corporation - 95%; LP - HEALTHSOUTH Real Property Holding Corporation - 5%)		HEALTHSOUTH Corporation	General Partner	95%
HEALTHSOUTH Rehabilitation Center of Connecticut Limited Partnership (AL) (CT) (GP - HEALTHSOUTH Corporation - 95%; LP - HEALTHSOUTH Real Property Holding Corporation - 5%)		HEALTHSOUTH Corporation	General Partner	95%
HEALTHSOUTH Rehabilitation Center of Illinois Limited Partnership (AL)(IL) (GP - HEALTHSOUTH Corporation - 95%; LP - HEALTHSOUTH Real Property Holding Corporation - 5%)		HEALTHSOUTH Corporation	General Partner	95%
HEALTHSOUTH Rehabilitation Center of New Hampshire, Ltd. (AL)(NH) (GP - HEALTHSOUTH Corporation - 100%)		HEALTHSOUTH Corporation	General Partner	100%
HEALTHSOUTH Sports Medicine and Rehabilitation Center of San Carlos Limited Partnership (AL)(CA) (GP - HEALTHSOUTH Corporation - 100%)		HEALTHSOUTH Corporation	General Partner	100%
HEALTHSOUTH Rehabilitation Center of New Orleans, Ltd. (AL)(LA)		HEALTHSOUTH Corporation	General Partner	100%

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SCHEDULE II

HealthSouth U.S. Copyright Schedule

Title	Reg. No.	Reg.Date	Record Owner	Status
Healthsouth spine discharge questionnaire.	TX5000785	6/24/1999	HealthSouth Corporation	Registered
Healthsouth spine intake questionnaire	TX5000784	6/24/1999	HealthSouth Corporation	Registered
Healthsouth shoulder discharge questionnaire.	TX5000783	6/24/1999	HealthSouth Corporation	Registered
Healthsouth shoulder intake questionnaire.	TX5000782	6/24/1999	HealthSouth Corporation	Registered
Healthsouth knee-hip discharge questionnaire.	TX5000781	6/24/1999	HealthSouth Corporation	Registered
Healthsouth knee-hip intake questionnaire.	TX5000780	6/24/1999	HealthSouth Corporation	Registered
Back to health: the magazine of Healthsouth.	TX458438	11/10/1997	Oxmoor House, Inc.; HealthSouth Corporation	Registered
Back to health: the magazine of Healthsouth.	TX4502365	6/30/1997	Oxmoor House, Inc.; HealthSouth Corporation	Registered
HCAP table maintenance, ver. 1.52.	Txu963886	9/28/1999	HealthSouth Corporation	Registered
HCAP report assembly, ver. 1.3.0.2.	Txu963887	9/28/1999	HealthSouth Corporation	Registered
Healthsouth clinical automation program (HCAP) charge extract, version 1.22	Txu963885	9/28/1999	HealthSouth Corporation	Registered
Healthsouth clinical automation program (HCAP) batch print, version 2.0.4.	Txu963884	9/28/1999	HealthSouth Corporation	Registered
HCAP production turnover, ver. 1.18.	Txu963883	9/28/1999	HealthSouth Corporation	Registered
Healthsouth clinical automation program (HCAP) therapist's guide to docoumenting with the pen computer, release 2.7.0.	Txu963882	9/28/1999	HealthSouth Corporation	Registered
Healthsouth clinical automation program (HCAP) patient processing, version 1.5.1.	Txu963881	9/28/1999	HealthSouth Corporation	Registered
Healthsouth clinical automation program (HCAP) clinic administration user guide: version 2.1.15.	Txu923602	9/28/1999	HealthSouth Corporation	Registered
Healthsouth clinical automation program/corporate admin. : version 1.13.	Txu923601	9/28/1999	HealthSouth Corporation	Registered
Healthsouth industrial rehabilitation intake questionnaire.	TX5000790	6/24/1999	HealthSouth Corporation	Registered
Healthsouth foot-ankle discharge questionnaire.	TX5000789	6/24/1999	HealthSouth Corporation	Registered
Healthsouth foot-ankle intake questionnaire.	TX5000788	6/24/1999	HealthSouth Corporation	Registered
Healthsouth hand-wrist-elbow discharge questionnaire.	TX5000787	6/24/1999	HealthSouth Corporation	Registered
Healthsouth hand-wrist-elbow intake questionnaire.	TX5000786	6/24/1999	HealthSouth Corporation	Registered

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Schedule II to
the Guarantee and
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LICENSES

I. Licenses/Sublicenses of HealthSouth Corporation as Licensor on Date Hereof

None.

II. Licensees/Sublicenses of HealthSouth Corporation as Licensee on Date Hereof

The Company has a number of software licenses by which it licenses in from third parties the rights to use software.

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SCHEDULE II

HealthSouth Patent Schedule

Country	Title	Patent No. [Pub. No.] (App. No.)	Issue Date [Pub. Date] (App. Date)	Record Owner	
US	Body support harness	6752776 (200282153)	6/22/1004 (2/26/2002)	HealthSouth Corporation	Issued
US	Powered gait orthosis and method of utilizing same	6689075 (2001938825)	2/10/2004 (8/27/2001)	HealthSouth Corporation	Issued

HealthSouth Foreign Patent Schedule

Country	Title	Patent No. [Pub. No.] (App. No.)	Issue Date [Pub. Date] (App. Date)	Record Owner	
Canada	Powered gait orthosis and method of utilizing same	2419907 (2419907)	2/28/2002 (8/27/2001)	HealthSouth Corporation	Issued
Europe	Powered gait orthosis and method of utilizing same	1322272 (2001966227)	[7/2/2003] (8/27/2001)	HealthSouth Corporation	Designat states
PCT	Powered gait orthosis and method of utilizing same	200409011 (2002US23229)	[1/29/2004] (7/23/2002)	HealthSouth Corporation	National

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HealthSouth Corporation US Trademark Schedule

Trademark	Reg. No. / (App. No.)	Registration Date / (Filing Date)	Owner	Comments
AUTOAMBULATOR	2863158 (76/265165)	7/13/2004 (6/1/2001)	HealthSouth Corporation	Registered
GETTING PEOPLE BACK…TO WORK…TO PLAY…TO LIVING	1673777 (74/121884)	1/28/1992 (12/10/1990)	HealthSouth Corporation	Registered
H	2122268 (75/082580)	12/16/1997 (4/2/1998)	HealthSouth Corporation	Registered
H Design	2317650 (75/381511)	2/15/2000 (10/29/1997)	HealthSouth Corporation	Registered
H Design	2249328 (75/439670)	6/1/1999 (2/24/1998)	HealthSouth Corporation	Registered
H Design	2651916 (76/366350)	11/19/2002 (2/5/2002)	HealthSouth Corporation	Registered
HEALTHSOUTH	2144242 (75/191760)	3/17/1998 (10/30/1998)	HealthSouth Corporation	Registered
HEALTHSOUTH	2264235 (75/381512)	7/27/1999 (10/29/1997)	HealthSouth Corporation	Registered
HEALTHSOUTH	2249329 (75/439720)	8/1/1999 (2/24/1998)	HealthSouth Corporation	Registered
HEALTHSOUTH	2734052 (76/386353)	7/8/2003 (2/5/2002)	HealthSouth Corporation	Registered
HEALTHSOUTH AUTOMATED DIGITAL HOSPITAL	(76/385933)	(3/21/2002)	HealthSouth Corporation	Pending
HEALTHSOUTH DIGITAL HOSPITAL	(76/385930)	(3/21/2002)	HealthSouth Corporation	Pending
HEALTHSOUTH DIGITAL HOSPITAL THE HOSPITAL OF THE FUTURE	(76/385932)	(3/21/2002)	HealthSouth Corporation	Pending
HEALTHSOUTH MEDICAL CENTER THE DIGITAL HOSPITAL OF THE FUTURE	(76/385931)	(3/21/2002)	HealthSouth Corporation	Pending
HEART APPLE GRAD CAP LOGO Design	2748134 (76/263514)	8/5/2003 (5/29/2001)	HealthSouth Corporation	Registered
HEART COLLEGE	2730537 (76/975339)	6/24/2003 (5/23/2001)	HealthSouth Corporation	Registered
HRC WORKS	2760921 (76/367409)	9/9/2003 (2/7/2002)	HealthSouth Corporation	Registered
SPORTS MEDICINE UPDATE	1802066 (74/316266)	11/2/1993 (9/22/1992)	HealthSouth Corporation	Registered
THE HOSPITAL OF THE FUTURE	~~(78/386054)~~ 76-386054	(3/21/2002)	HealthSouth Corporation	Pending
WORKSTART	1669840 (74/122190)	12/24/1991 (12/10/1990)	HealthSouth Corporation	Registered

Healthsouth Corporation State and Foreign Trademark Schedule

Country	Trademark	Reg. No. / (App. No.)	Registration Date / (Filing Date)	Owner	Comments
Australia	AUTOAMBULATOR	945024 (945024)	10/28/2003 (2/25/2003)	HealthSouth Corporation	Registered
Canada	AUTOAMBULATOR	(1169055)	(2/27/2003)	HealthSouth Corporation	Registered
European Union	AUTOAMBULATOR	(003070257)	(2/25/2003)	HealthSouth Corporation	Registered
Mexico	AUTOAMBULATOR	801497 (590616/617)	7/24/2003 (3/3/2003)	HealthSouth Corporation	Registered
Mexico	AUTOAMBULATOR	794409 (90617)	5/30/2005 (3/3/2003)	HealthSouth Corporation	Registered; Undisclosed
Puerto Rico	AUTOAMBULATOR	(57393)	(6/20/2003)	HealthSouth Corporation	Pending; Unable to Confirm
Puerto Rico	GETTING PEOPLE BACK…TO WORK…TO PLAY…TO LIVING	8359 (8359)	1/28/2002 (9/1/1999)	HealthSouth Corporation	Registered
Australia	GETTING PEOPLE BACK…TO WORK…TO PLAY…TO LIVING	743063 (743083)	9/3/1997 (9/3/1997)	HealthSouth Corporation	Registered
Canada	GETTING PEOPLE BACK…TO WORK…TO PLAY…TO LIVING	514980 (855335)	8/24/1999 (9/5/1997)	HealthSouth Corporation	Registered
European Union	GETTING PEOPLE BACK…TO WORK…TO PLAY…TO LIVING	626903 (626903)	9/8/1997 (9/8/1997)	HealthSouth Corporation	Registered
Australia	H	742828 (742828)	(9/1/1997) (9/1/1997)	HealthSouth Corporation	Registered
Canada	H	503441 (855333)	11/2/1998 (9/5/1997)	HealthSouth Corporation	Registered
Canada	H	549280 (874259)	8/3/2001 (4/3/1998)	HealthSouth Corporation	Registered
European Union	H	619445 (619445)	9/1/1997 (9/1/1997)	HealthSouth Corporation	Registered
Puerto Rico	H	41661 (41661)	10/17/1997 (10/17/1997)	HealthSouth Corporation	Registered; Unable to Confirm
Puerto Rico	H and Design	43173 (43173)	6/30/2000	HealthSouth Corporation (Switzerland)	Registered; Undisclosed
Puerto Rico	H and Design	43172 (43172)	6/30/2000	HealthSouth Corporation	Registered; Undisclosed
Puerto Rico	H and Design	43174 (43174)	6/30/2000	HealthSouth Corporation (Switzerland)	Registered; Undisclosed
Puerto Rico	H and Design	43175 (43175)	6/30/2000	HealthSouth Corporation (Switzerland)	Registered; Undisclosed
Puerto Rico	H and Design	43176 (43176)	6/30/2000	HealthSouth Corporation (Switzerland)	Registered; Undisclosed

Country	Trademark	Reg. No. / (App. No.)	Registration Date / (Filing Date)	Owner	Comments
Australia	H Design	757740 (M757740)	3/19/1998 (3/19/1998)	HealthSouth Corporation	Registered
European Union	H Design	777656 (2088474)	8/26/1999 (3/31/1998)	HealthSouth Corporation	Registered
Australia	HEALTHSOUTH	757739 (757739)	3/19/1998 (3/19/1998)	HealthSouth Corporation	Registered
Australia	HEALTHSOUTH	742827 (742827)	9/1/1997 (9/1/1997)	HealthSouth Corporation	Registered
Canada	HEALTHSOUTH	503440 (855334)	11/2/1998 (9/5/1997)	HealthSouth Corporation	Registered
Canada	HEALTHSOUTH	543967 (874620)	4/20/2001 (4/16/1998)	HealthSouth Corporation	Registered
European Union	HEALTHSOUTH	619270 (619270)	9/1/1997 (9/1/1997)	HealthSouth Corporation	Registered
European Union	HEALTHSOUTH	000777292 (000777656)	7/17/2000 (3/13/1998)	HealthSouth Corporation	Registered
Puerto Rico	HEALTHSOUTH	41660 (41660)	10/17/1997 (10/17/1997)	HealthSouth Corporation	Registered
Puerto Rico	HEALTHSOUTH	8365 (8365)	8/20/2001 (11/22/1999)	HealthSouth Corporation	Registered
Puerto Rico	HEALTHSOUTH	41660 (41660)	4/30/1999	HealthSouth Corporation	Registered; Undisclosed

Schedule II to
the Guarantee and
Collateral Agreement

TRADE NAMES OWNED BY HEALTHSOUTH CORPORATION

State	Trade Name
AZ, CA CO, FL KS, ME MN, MT NH, OH	HEALTHSOUTH Sports Medicine & Rehabilitation Center
CA	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Valencia
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Salinas
FL	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Tampa
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Smyma
	HEALTHSOUTH Sports Medicine & Rehabilitation Center at the PGA Learning Center
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Spring Park Metro
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Daytona
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Ormond
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Deland
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of East Pembroke Pines
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Deltona
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Eau Gallie
	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Coral Springs
IL	HEALTHSOUTH Sports Medicine & Rehabilitation of Chicago
ME	HEALTHSOUTH Sports Medicine & Rehabilitation Center of Bangor
AK	HEALTHSOUTH Rehabilitation Center of Anchorage
	HEALTHSOUTH Rehabilitation Center of Fairbanks
AZ	HEALTHSOUTH Rehabilitation Center of Tucson
CA	HEALTHSOUTH Rehabilitation Center of Oceanside
	HEALTHSOUTH Rehabilitation Center of Oakland
	HEALTHSOUTH Rehabilitation Center of Granada Hills
	HEALTHSOUTH Rehabilitation Center of Palo Alto
CO	HEALTHSOUTH Rehabilitation Center of Ft. Collins
	HEALTHSOUTH Rehabilitation Center of Englewood
	HEALTHSOUTH Rehabilitation Center of Castle Rock
	HEALTHSOUTH Rehabilitation Center of Ken Caryl

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	HEALTHSOUTH Rehabilitation Center of Co Springs
FL	HEALTHSOUTH Rehabilitation Center of Tampa
	HEALTHSOUTH Rehabilitation Center of Bradenton
	HEALTHSOUTH Rehabilitation Center of Hollywood
	HEALTHSOUTH Rehabilitation Center of Palm Harbor
	HEALTHSOUTH Rehabilitation Center of Port Richey
	HEALTHSOUTH Rehabilitation Center of Spring Hill
	HEALTHSOUTH Rehabilitation Center of Viera
	HEALTHSOUTH Rehabilitation Center of West Orange
	HEALTHSOUTH Rehabilitation Center of North Tampa
	HEALTHSOUTH Rehabilitation Center of Hollywood
	HEALTHSOUTH Rehabilitation Center of Kissimmee
	HEALTHSOUTH Rehabilitation Center of Palm Bay
HI	HEALTHSOUTH Rehabilitation Center of Hawaii
	HEALTHSOUTH Rehabilitation Center of Kihei
	HEALTHSOUTH Rehabilitation Center of Kaimuki
	HEALTHSOUTH Rehabilitation Center of Honolulu
	HEALTHSOUTH Rehabilitation Center of Kauai
	HEALTHSOUTH Rehabilitation Center of Eleele
KS	HEALTHSOUTH Rehabilitation Center of Lenexa
	HEALTHSOUTH Rehabilitation Center of Kansas City
	HEALTHSOUTH Rehabilitation Center of Olathe
	HEALTHSOUTH Rehabilitation Center of Wichita
ME	HEALTHSOUTH Rehabilitation Center of Granite Hills
	HEALTHSOUTH Rehabilitation Center of Winterport
MN	HEALTHSOUTH Rehabilitation Center of Brainerd
	HEALTHSOUTH Rehabilitation Center of Pelican Rapids
	HEALTHSOUTH Rehabilitation Center of Brooklyn Park
	HEALTHSOUTH Rehabilitation Center of Edina
MT	HEALTHSOUTH Rehabilitation Center of Billings
	HEALTHSOUTH Rehabilitation Center of Laurel
NH	HEALTHSOUTH Rehabilitation Center of Bedford
NV	HEALTHSOUTH Rehabilitation Center of Summerlin Town Center
AZ	HEALTHSOUTH Physical Therapy
CO	HEALTHSOUTH Aspen Park
	HEALTHSOUTH Tennis Center
FL	HEALTHSOUTH Rehabilitation Hospital of Miami
	HEALTHSOUTH Hand Center of Orlando
KS	HEALTHSOUTH Hand and Rehabilitation Center
	The Back Center, a HEALTHSOUTH Rehabilitation Center
PR	HEALTHSOUTH Rehabilitation Hospital- Puerto Rico

TRADEMARK
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INSURANCE REQUIREMENTS

(a) The Borrower will, and will cause each Subsidiary Party to, maintain (or cause to be maintained on its behalf), with financially sound and reputable insurance companies:

(i) fire, boiler and machinery, and extended coverage insurance, on a replacement cost basis, with respect to all personal property and improvements to real property (in each case constituting Collateral), in such amounts as are customarily maintained by companies in the same or similar business operating in the same or similar locations;

(ii) commercial general liability insurance against claims for bodily injury, death or property damage occurring upon, about or in connection with the use of any properties owned, occupied or controlled by it, providing coverage on an occurrence basis with a combined single limit of not less than $10,000,000;

(iii) business interruption insurance, insuring against loss of gross earnings for a period of not less than 12 months arising from any risks or occurrences required to be covered by insurance pursuant to clause (i) above; and

(iv) such other insurance as may be required by law.

Deductibles or self-insured retention shall not exceed $1,000,000 (or such higher customary wind, earthquake and flood deductibles ranging from 2% to 5% of coverage value) for fire, boiler and machinery and extended coverage policies, $10,000,000 for commercial general liability policies or 20 days for business interruption policies.

(b) Fire, boiler and machinery and extended coverage policies maintained with respect to any Collateral shall be endorsed or otherwise amended to include (i) a lenders' loss payable clause in favor of the Collateral Agent and providing for losses thereunder to be payable to the Collateral Agent or its designee, (ii) a provision to the effect that neither any Loan Party, the Collateral Agent nor any other party shall be a coinsurer and (iii) such other provisions as the Collateral Agent may reasonably require from time to time to protect the interests of the Lenders. Commercial general liability policies shall be endorsed to name the Collateral Agent as an additional insured. Business interruption policies shall name the Collateral Agent as loss payee. Each such policy referred to in this paragraph also shall provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium except upon not less than 10 days' prior written notice thereof by the insurer to the Collateral Agent (giving the Collateral Agent the right to cure defaults in the payment of premiums) or (ii) for any other reason except upon not less than 30 days' prior written notice thereof by the insurer to the Collateral Agent. The Borrower shall deliver to the Collateral Agent, prior to the cancellation, modification or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously

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delivered to the Collateral Agent) together with evidence reasonably satisfactory to the Collateral Agent of payment of the premium therefor.

COMMERCIAL TORT CLAIMS

None.

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Schedule V to
the Guarantee and
Collateral Agreement

LIMITED LIABILITY COMPANY AND LIMITED PARTNERSHIP

INTEREST CERTIFICATES

None.

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Schedule VI to
the Guarantee and
Collateral Agreement

INTERCOMPANY INDEBTEDNESS

See Attached.

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IC loans				~0960872.xls			
December 2003							
				2003			
Unit	Facility	Legal Name	Acct	Sum Total Amt	Description	Year	2004 Balance
01	010008		2600	(2,708,190.98)	I/C Loans Payable	2,003	(2,708,190.98)
01	010020		2600	(602,285.04)	I/C Loans Payable	2,003	(602,285.04)
01	010043		2600	(20,902,727.03)	I/C Loans Payable	2,003	(20,902,727.03)
01	010058		2600	(15,906,127.29)	I/C Loans Payable	2,003	(15,906,127.29)
01	010081		2600	(2,933,921.31)	I/C Loans Payable	2,003	(2,933,921.31)
01	010082		2600	(67,293,357.48)	I/C Loans Payable	2,003	
01	010083		2600	(9,035.93)	I/C Loans Payable	2,003	(9,035.93)
01	010084		2600	(230,347.44)	I/C Loans Payable	2,003	(230,347.44)
01	010085		2600	(222,906.48)	I/C Loans Payable	2,003	(222,906.48)
01	010086		2600	(112,424.01)	I/C Loans Payable	2,003	(112,424.01)
01	010087		2600	(122,989.84)	I/C Loans Payable	2,003	(122,989.84)
01	010088		2600	(22,183.83)	I/C Loans Payable	2,003	(22,183.83)
01	010089		2600	35,248.01	I/C Loans Payable	2,003	
01	010090		2600	(97,723.04)	I/C Loans Payable	2,003	(97,723.04)
01	010091		2600	(318,108.09)	I/C Loans Payable	2,003	(318,108.09)
01	010092		2600	574,980.00	I/C Loans Payable	2,003	
01	010093		2600	(76,066.03)	I/C Loans Payable	2,003	(76,066.03)
01	010094		2600	(522,209.17)	I/C Loans Payable	2,003	(522,209.17)
01	010095		2600	(49,139.11)	I/C Loans Payable	2,003	(49,139.11)
01	010096		2600	13,449.29	I/C Loans Payable	2,003	
01	010098		2600	(16,500.00)	I/C Loans Payable	2,003	(16,500.00)
01	010099		2600	1,061,991.29	I/C Loans Payable	2,003	
03	030111	RUSK REHABILITATION CENTER, L.L.C.	2600	(14,643,825.68)	I/C Loans Payable	2,003	(13,517,377.60)
03	030159	BJC / HEALTHSOUTH REHABILITATION CENTER, L.L.C.	2600				(15,353,480.03)
03	030164	HEALTHSOUTH / METHODIST REHABILITATION HOSPITAL LIMITED PARTNERSHIP	2600	(8,877,292.89)	I/C Loans Payable	2,003	(8,085,548.59)
03	050002	HEALTHSOUTH SURGICAL CENTER OF TUSCALOOSA LIMITED PARTNERSHIP	2600				(1,176,441.60)
05	050003	0	2600	(157,966.65)	I/C Loans Payable	2,003	(115,395.08)
05	050010	HSC SURGICAL ASSOCIATES OF BRADENTON, L.P.	2600	(1,695,037.48)	I/C Loans Payable	2,003	(1,621,340.04)
05	050011	INDIAN RIVER SURGERY CENTER, LTD.	2600	(474,264.98)	I/C Loans Payable	2,003	(412,400.40)
05	050013	PERIMETER CENTER FOR OUTPATIENT SURGERY, L.P.	2600	(935,846.77)	I/C Loans Payable	2,003	(605,547.96)
05	050017	HSC SURGICAL ASSOCIATES OF CLARKSVILLE, L.P.	2600	(652,183.94)	I/C Loans Payable	2,003	(627,211.11)
05	050022	HEALTHSOUTH BALLAS OUTPATIENT SURGERY CENTER, L.P.	2600	(79,624.96)	I/C Loans Payable	2,003	(55,125.00)
05	050024	SOUTH COUNTY OUTPATIENT SURGERY CENTER, L.P.	2600				(209,167.89)
05	050027	WEST COUNTY SURGERY CENTER, L.P.	2600	(2,477,815.39)	I/C Loans Payable	2,003	(2,355,374.32)
05	050029	NORTH COUNTY SURGERY CENTER, L.P.	2600	(220,925.06)	I/C Loans Payable	2,003	(188,195.42)
05	050033	HSC SURGICAL ASSOCIATES OF HOUSTON, L.P.	2600	(102,413.26)	I/C Loans Payable	2,003	(98,190.18)
05	050044	NEWPORT BEACH SURGERY CENTER LP, A CALIFORNIA LIMITED PARTNERSHIP	2600	0.08	I/C Loans Payable	2,003	0.00
05	050045	HSC SURGICAL ASSOCIATES OF FT. PIERCE, L.P.	2600	(2,415,966.66)	I/C Loans Payable	2,003	(2,301,529.23)
05	050046	AUSTIN CENTER FOR OUTPATIENT SURGERY, L.P.	2600	(2,549,459.49)	I/C Loans Payable	2,003	(2,236,688.55)
05	050049	MELBOURNE SURGERY CENTER, L.P.	2600	(2,523,322.81)	I/C Loans Payable	2,003	(2,413,613.40)
05	050057	TREASURE VALLEY HOSPITAL LIMITED PARTNERSHIP	2600	(6,845,630.79)	I/C Loans Payable	2,003	(6,342,143.72)
05	050061	GOLDEN TRIANGLE SURGICENTER, L.P.	2600	(20,833.27)	I/C Loans Payable	2,003	0.00
05	050070	LEXINGTON SURGERY CENTER, LTD.	2600	(5,142,966.94)	I/C Loans Payable	2,003	(4,541,111.60)
05	050071	LOUISVILLE S.C., LTD.	2600	(30,000.00)	I/C Loans Payable	2,003	(93,826.41)
05	050073	MOBILE-SC, LTD.	2600				(1,396,543.33)
05	050074	HEALTHSOUTH SURGERY CENTERS OF CHATTANOOGA, L.P.	2600	(984,011.41)	I/C Loans Payable	2,003	(922,390.58)
05	050078	LITTLE ROCK SURGERY CENTER, LIMITED PARTNERSHIP	2600	(2,136,826.45)	I/C Loans Payable	2,003	(2,043,921.12)
05	050079	CHARLOTTE SURGERY CENTER, LTD.	2600	(185,180.49)	I/C Loans Payable	2,003	(17,951.51)
05	050081	LANCASTER SURGERY CENTER, LIMITED PARTNERSHIP	2600	(278,915.95)	I/C Loans Payable	2,003	(255,345.37)
05	050082	SARASOTA SURGERY CENTER, LTD.	2600	(9,316.37)	I/C Loans Payable	2,003	(716.67)
05	050085	MONTGOMERY SURGERY CENTER LIMITED PARTNERSHIP	2600	(45,129.95)	I/C Loans Payable	2,003	0.00
05	050089	WAUWATOSA SURGERY CENTER, LIMITED PARTNERSHIP	2600	(315,016.28)	I/C Loans Payable	2,003	(218,088.17)
05	050090	CHARLESTON SURGERY CENTER LIMITED PARTNERSHIP	2600	(206,966.95)	I/C Loans Payable	2,003	(2,388,117.62)
05	050091	GRANDVIEW SURGERY CENTER, LTD.	2600	(2,811,532.17)	I/C Loans Payable	2,003	(2,561,922.53)
05	050094	ST PETERSBURG SURGERY CENTER, LTD.	2600	(368,746.04)	I/C Loans Payable	2,003	(108,454.71)
05	050100	SCRANTON SURGERY CENTER, LIMITED PARTNERSHIP	2600	(745,657.15)	I/C Loans Payable	2,003	(596,525.74)
05	050102	COLORADO SPRINGS SURGERY CENTER, LTD.	2600	(298,597.73)	I/C Loans Payable	2,003	(79,830.17)
05	050108	NASHVILLE SURGERY CENTER, L.P.	2600	(1,412,232.50)	I/C Loans Payable	2,003	(1,092,481.64)
05	050109	GADSDEN SURGERY CENTER, LTD.	2600	(14,551.81)	I/C Loans Payable	2,003	0.00
05	050110	SURGECENTER OF WILSON, LIMITED PARTNERSHIP	2600	(2,067,510.34)	I/C Loans Payable	2,003	(1,977,618.60)
05	050111	OSHKOSH SURGERY CENTER, L.P.	2600	(2,955,644.02)	I/C Loans Payable	2,003	(2,827,137.84)
05	050112	KNOXVILLE AMBULATORY SURGERY CENTER, L.P.	2600	(1,613,638.86)	I/C Loans Payable	2,003	(1,728,353.78)
05	050113	AURORA SURGERY CENTER LIMITED PARTNERSHIP	2600	(52,715.12)	I/C Loans Payable	2,003	0.00
05	050116	MT. PLEASANT SURGERY CENTER, L.P.	2600	(1,035,766.58)	I/C Loans Payable	2,003	(990,733.33)
05	050117	PUEBLO AMBULATORY SURGERY CENTER LIMITED PARTNERSHIP	2600	(1,500,936.78)	I/C Loans Payable	2,003	(1,281,287.56)
05	050118	HONOLULU SURGERY CENTER, L.P.	2600	(1,639,389.26)	I/C Loans Payable	2,003	(1,835,[illegible])

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05	050120	BLUE RIDGE DAY SURGERY CENTER, L.P.	2600	~09(1,379,572.26)	I/C Loans Payable	2,003	(1,099,591.11)
05	050121	GOLDEN SURGERY CENTER, L.P.	2600	(1,676,262.39)	I/C Loans Payable	2,003	(1,603,381.29)
05	050122	EMERALD COAST SURGERY CENTER, L.P.	2600	(823,623.43)	I/C Loans Payable	2,003	(549,082.34)
05	050123	WINTER PARK SURGERY CENTER, L.P.	2600	(2,820,668.00)	I/C Loans Payable	2,003	(2,702,110.08)
05	050126	WAUSAU SURGERY CENTER, L.P.	2600	(1,887,001.82)	I/C Loans Payable	2,003	(1,741,847.89)
05	050130	CITRUS REGIONAL SURGERY CENTER, L.P.	2600	(3,021,773.37)	I/C Loans Payable	2,003	(1,225,405.76)
05	050132	FLORENCE SURGERY CENTER, L.P.	2600	(2,128,872.98)	I/C Loans Payable	2,003	(1,990,892.46)
05	050133	ST. JOSEPH AMBULATORY SURGERY CENTER, L.P.	2600	(1,949,754.71)	I/C Loans Payable	2,003	(1,864,982.81)
05	050134	PAOLI SURGERY CENTER, L.P.	2600	(3,754,811.36)	I/C Loans Payable	2,003	(3,569,600.11)
05	050138	GLENWOOD SURGICAL CENTER, L.P.	2600	(20,434.07)	I/C Loans Payable	2,003	0.00
05	050140	GAINESVILLE SURGERY CENTER, L.P.	2600	(2,788,194.28)	I/C Loans Payable	2,003	(2,666,968.34)
05	050149	UKIAH SURGERY CENTER, L.P.	2600	(1,389,929.21)	I/C Loans Payable	2,003	(1,118,802.22)
05	050151	EXETER SURGERY CENTER, LTD.	2600	(3,066,001.76)	I/C Loans Payable	2,003	(2,902,339.02)
05	050152	ARTHROSCOPIC & LASER SURGERY CENTER OF SAN DIEGO, L.P.	2600	(2,350,769.42)	I/C Loans Payable	2,003	(2,250,380.77)
05	050155	HEALTHSOUTH COMMUNITY SURGERY CENTER OF SPRINGFIELD, L.P.	2600	(2,142,824.32)	I/C Loans Payable	2,003	(1,791,832.00)
05	050156	HEALTHSOUTH SURGERY CENTER OF SAN BUENAVENTURA, L.P.	2600	5,116.13	I/C Loans Payable	2,003	0.00
05	050157	HEALTHSOUTH SURGERY CENTER OF EASTON, L.P.	2600	(90,416.65)	I/C Loans Payable	2,003	(29,166.67)
05	050159	HEALTHSOUTH SURGERY CENTER OF CRESTVIEW, L.P.	2600	(4,119,546.89)	I/C Loans Payable	2,003	(3,654,185.21)
05	050163	HEALTHSOUTH / KERLAN-JOBE SURGERY CENTER LLC	2600	(1,377,382.82)	I/C Loans Payable	2,003	(1,320,583.73)
05	050164	HEALTHSOUTH SURGERY CENTER OF LOUISVILLE, L.P.	2600	(2,894,800.89)	I/C Loans Payable	2,003	(2,528,141.17)
05	050167	DANVILLE SURGERY CENTER, L.P.	2600	(693,479.56)	I/C Loans Payable	2,003	(597,945.99)
05	050175	EAST BAY MEDICAL SURGICAL CENTER, A CALIFORNIA LIMITED PARTNERSHIP	2600	(112,882.80)	I/C Loans Payable	2,003	(57,689.06)
05	050178	FROST STREET OUTPATIENT SURGICAL CENTER, L.P.	2600	(42,666.68)	I/C Loans Payable	2,003	0.00
05	050189	POMERADO OUTPATIENT SURGICAL CENTER, L.P.	2600	(2,269,488.06)	I/C Loans Payable	2,003	(1,902,126.97)
05	050190	SAN DIEGO SURGERY CENTER, L.P.	2600	(19,287.28)	I/C Loans Payable	2,003	0.00
05	050192	TRI-VALLEY SURGERY CENTER, LP.	2600	(356,640.22)	I/C Loans Payable	2,003	(188,793.43)
05	050199	HEALTHSOUTH SURGERY CENTER OF PECAN VALLEY, L.P.	2600	(2,656,763.36)	I/C Loans Payable	2,003	(2,485,359.45)
05	050209	HEALTHSOUTH SURGERY CENTER OF MUSKOGEE, L.P.	2600	(18,666.93)	I/C Loans Payable	2,003	0.00
05	050213	SURGICARE OF MOBILE, LTD.	2600	(0.06)	I/C Loans Payable	2,003	0.00
05	050214	ARCADIA OUTPATIENT SURGERY CENTER, L.P.	2600	(92,893.41)	I/C Loans Payable	2,003	0.00
	050218	OWENSBORO AMBULATORY SURGICAL FACILITY, LTD.		0.00			(491,603.55)
05	050219	WOODWARD PARK SURGICENTER, LTD.	2600	(786,444.95)	I/C Loans Payable	2,003	(659,277.95)
05	050220	BELLEVILLE SURGICAL CENTER, LTD.	2600	(298,620.99)	I/C Loans Payable	2,003	(199,080.69)
05	050221	MARION SURGERY CENTER, LTD.	2600	(1,867,473.54)	I/C Loans Payable	2,003	(1,742,279.69)
05	050223	SURGERY CENTERS OF DES MOINES, LTD.	2600	(1,728,770.41)	I/C Loans Payable	2,003	(1,605,286.81)
05	050224	B.R.A.S.S. PARTNERSHIP IN COMMENDAM	2600	(358,949.39)	I/C Loans Payable	2,003	(317,312.95)
05	050226	ST. CLOUD OUTPATIENT SURGERY, LTD.	2600	(5,744,900.17)	I/C Loans Payable	2,003	(5,334,370.75)
05	050230	SURGICARE OF JACKSON, LTD.	2600	(1,112,719.38)	I/C Loans Payable	2,003	(1,003,931.73)
	050244	SURGICARE OF LA VETA, LTD.		0.00			(41,619.00)
05	050246	HEALTHSOUTH SURGERY CENTER OF SCOTTSDALE - BELL ROAD, L.P.	2600	(616,693.86)	I/C Loans Payable	2,003	(280,315.33)
05	050254	CHANNEL ISLANDS SURGICENTER, L.P.	2600	(1,729,048.63)	I/C Loans Payable	2,003	(1,608,884.32)
05	050256	DAY SURGERY CENTER, LTD.	2600	(129,133.21)	I/C Loans Payable	2,003	(69,533.33)
05	050258	SURGICAL CENTER OF ELIZABETHTOWN, LIMITED PARTNERSHIP	2600	(828,258.38)	I/C Loans Payable	2,003	(757,264.77)
05	050260	FAYETTEVILLE AMBULATORY SURGERY CENTER LIMITED PARTNERSHIP	2600	(1,954,677.52)	I/C Loans Payable	2,003	(1,821,404.04)
05	050264	GREENSBORO SPECIALTY SURGERY CENTER, LIMITED PARTNERSHIP	2600	(100,542.76)	I/C Loans Payable	2,003	(31,750.33)
05	050266	MEDICAL PARTNERS SURGERY CENTER, LTD.	2600	(1,097,963.96)	I/C Loans Payable	2,003	(821,279.25)
05	050268	AMBULATORY SURGICAL CENTRE OF MIAMI, LTD.	2600	(1,404,937.75)	I/C Loans Payable	2,003	(1,351,245.73)
05	050270	NEWPORT BEACH ENDOSCOPY CENTER, GENERAL PARTNERSHIP	2600	(20,313.75)	I/C Loans Payable	2,003	0.00
05	050271	NORTH ATLANTA ENDOSCOPY CENTER, L.P.	2600	(44,119.90)	I/C Loans Payable	2,003	0.00
05	050274	KITSAP PENINSULA SURGERY CENTER, LIMITED PARTNERSHIP	2600	(3,313,338.45)	I/C Loans Payable	2,003	(2,950,978.46)
05	050278	2121 SURGERY CENTER, LIMITED PARTNERSHIP	2600	(148,541.74)	I/C Loans Payable	2,003	(64,041.66)
05	050286	ST. AUGUSTINE SURGERY CENTER, LTD.	2600	(683,320.03)	I/C Loans Payable	2,003	(512,489.95)
05	050288	VALLEY VIEW SURGERY CENTER, LIMITED PARTNERSHIP	2600	(897,716.93)	I/C Loans Payable	2,003	(580,875.50)
05	050297	HEALTHSOUTH ST. AGNES SURGERY CENTER OF ELLICOTT CITY, L.L.L.P.	2600	(12,499.87)	I/C Loans Payable	2,003	0.00
05	050298	UPLAND OUTPATIENT SURGICAL CENTER, L.P.	2600	(75,766.83)	I/C Loans Payable	2,003	0.00
	050302	HEALTHSOUTH SURGERY CENTER OF MAUI, L.P.					(1,312,577.57)
05	050305	HEALTHSOUTH SURGERY CENTER OF KIRKWOOD, L.P.	2600	(521,666.54)	I/C Loans Payable	2,003	(501,666.67)
05	050308	HEALTHSOUTH SURGICAL CENTER OF GREENSBORO, LLC	2600	(1,156,111.78)	I/C Loans Payable	2,003	(569,016.67)
05	050311	HEALTHSOUTH SURGERY CENTER OF COLORADO SPRINGS, LLC	2600	(1,866,944.46)	I/C Loans Payable	2,003	(848,611.11)
05	050312	HEALTHSOUTH SURGERY CENTER AT PASTEUR PLAZA, L.P.	2600	(1,931,730.64)	I/C Loans Payable	2,003	(1,629,373.48)
05	050313	HEALTHSOUTH SURGERY CENTER OF AVENTURA, L.P.	2600	(2,806,927.20)	I/C Loans Payable	2,003	(2,439,379.37)
05	058001	CHESAPEAKE LITHOTRIPSY ASSOCIATES, LIMITED PARTNERSHIP	2600	(222,852.39)	I/C Loans Payable	2,003	(101,296.53)
05	058003	CHESAPEAKE LITHOTRIPSY ENTERPRISES, LIMITED PARTNERSHIP	2600	(567,029.07)	I/C Loans Payable	2,003	(377,778.49)
05	058005	CHESAPEAKE LITHOTRIPSY VENTURES, L.P.	2600	(73,333.20)	I/C Loans Payable	2,003	0.00
06	060065	LANCASTER MAGNETIC IMAGING, LTD.	2600	(99,806.16)	I/C Loans Payable	2,003	0.00
06	060084	HEALTHSOUTH DIAGNOSTIC CENTER OF ANCHORAGE LIMITED PARTNERSHIP	2600	(1,605,254.29)	I/C Loans Payable	2,003	(829,702.04)
55	550269		2600	(30,998.35)	I/C Loans Payable	2,003	(9,117.15)
55	555218		2600	(1,346,419.86)	I/C Loans Payable	2,003	
95	953003		2600	(16,781,000.00)	I/C Loans Payable	2,003	
				(280,939,351.86)			(200,230,503.36)

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SPECIFIED BORROWER LITIGATION

"Specified Borrower Litigation" means any claims that the Borrower may have – whether potential or currently pending; whether in equity or at law; whether in the nature of derivative actions, direct actions, cross-claims, counterclaims, receipts as an indemnitee or otherwise –against current or former employees, officers or directors; former outside accountants or auditors; former investment bankers, financial advisors, financial consultants or any other person acting in a similar capacity; any person or entity acting in a fiduciary capacity to the Borrower; any insurance carrier that has provided insurance coverage to the Borrower; and any agent, representative, director, member or partner of the foregoing; provided, however, that such claims shall have arisen out of, or in connection with, the facts and circumstances related or giving rise to: (i) securities litigation filed against the Borrower from 1998 through the date hereof alleging, among other things, that the Borrower misrepresented or failed to disclose certain material facts relating to the Borrower's business and financial condition in order to artificially inflate the price of the Borrower's common stock; or (ii) investigation or actions by the Securities and Exchange Commission, the Department of Justice or other governmental authorities related to allegations of the nature described in the immediately preceding clause (i).

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SPECIFIED THIRD PARTY LITIGATION

"Specified Third Party Litigation" means any claims that a third party may have – whether potential or currently pending; whether in equity or at law; whether in the nature of derivative actions, direct actions, cross-claims, counterclaims, receipts as an indemnitee or otherwise –against Borrower; current or former employees, officers or directors of Borrower or Grantor; provided, however, that such claims shall have arisen out of, or in connection with, the facts and circumstances related or giving rise to: (i) securities litigation filed against the Borrower from 1998 through the date hereof alleging, among other things, that the Borrower misrepresented or failed to disclose certain material facts relating to the Borrower's business and financial condition in order to artificially inflate the price of the Borrower's common stock; or (ii) investigation or actions by the Securities and Exchange Commission, the Department of Justice or other governmental authorities related to allegations of the nature described in the immediately preceding clause (i).

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Exhibit I to the
Guarantee and
Collateral Agreement

SUPPLEMENT NO. __ dated as of, to the Guarantee and Collateral Agreement dated as of March 21 2005, between HEALTHSOUTH CORPORATION, a Delaware corporation (the "*Borrower*"), and JPMORGAN CHASE BANK, N.A. ("*JPMCB*"), as Collateral Agent (in such capacity, the "*Collateral Agent*").

A. Reference is made to the Amended and Restated Credit Agreement dated as of March 21, 2005 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Borrower, JPMorgan Chase Bank, N.A., as the administrative agent and the collateral agent, Wachovia Bank, National Association, as syndication agent, and Deutsche Bank Trust Company Americas, as documentation agent.

B. Capitalized terms used herein (including in this preamble) and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Collateral Agreement referred to therein.

C. The Grantors have entered into the Collateral Agreement in order to induce the Lenders to make Loans and each Issuing Bank to issue Letters of Credit. Section 8.14 of Collateral Agreement provides that additional Subsidiaries of the Borrower may become Subsidiary Parties under the Collateral Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "*New Subsidiary*") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Party under the Collateral Agreement in order to induce the Lenders to make additional Loans and each Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Subsidiary agree as follows:

SECTION 1. In accordance with Section 8.14 of the Collateral Agreement, the New Subsidiary by its signature below becomes a Subsidiary Party (and accordingly, becomes a Guarantor and a Grantor), Grantor and Guarantor under the Collateral Agreement with the same force and effect as if originally named therein as a Subsidiary Party and the New Subsidiary hereby (a) agrees to all the terms and provisions of the Collateral Agreement applicable to it as a Subsidiary Party, Grantor and Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor and Guarantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, the New Subsidiary, as security for the payment and performance in full of the Obligations (as defined in the Collateral Agreement), does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of the New Subsidiary's right, title and interest in and to the Collateral (as defined in the

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Collateral Agreement) of the New Subsidiary and subject to the provisions of the Collateral Agreement. Each reference to a "Guarantor" or "Grantor" in the Collateral Agreement shall be deemed to include the New Subsidiary. The Collateral Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Collateral Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary and the Collateral Agent has executed a counterpart hereof. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Subsidiary hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of the location of any and all Collateral of the New Subsidiary and (b) set forth under its signature hereto, is the true and correct legal name of the New Subsidiary, its jurisdiction of formation and the location of its chief executive office.

SECTION 5. Except as expressly supplemented hereby, the Collateral Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Collateral Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 8.01 of the Collateral Agreement.

SECTION 9. The New Subsidiary agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement,

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including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Subsidiary and the Collateral Agent have duly executed this Supplement to the Collateral Agreement as of the day and year first above written.

[NAME OF NEW SUBSIDIARY],

by

_____

Name:
Title:

Legal Name:
Jurisdiction of Formation:
Location of Chief Executive office:

JPMORGAN CHASE BANK, N.A.
AS COLLATERAL AGENT

By

_____

Name:
Title:

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Schedule I
to the Supplement No __ to the
Guarantee and
Collateral Agreement

LOCATION OF COLLATERAL

Description	Location

EQUITY INTERESTS

Issuer	Number of Certificate	Registered Owner	Number and Class of Equity Interests	Percentage of Equity Interests

DEBT SECURITIES

Issuer	Principal Amount	Date of Note	Maturity Date

INTELLECTUAL PROPERTY

[[2482518]]

EXHIBIT II

FORM OF PERFECTION CERTIFICATE

Reference is made to the Amended and Restated Credit Agreement dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among HealthSouth Corporation (the "Borrower"), the lenders from time to time party thereto (the "Lenders"), JPMorgan Chase Bank, N.A., as the administrative agent and the collateral agent (in such capacities, the "Administrative Agent"), Wachovia Bank, National Association, as syndication agent, and Deutsche Bank Trust Company Americas, as documentation agent. Capitalized terms used but not defined herein have the meanings assigned in the Credit Agreement or the Guarantee and Collateral Agreement referred to therein, as applicable.

The undersigned, a Financial Officer and the chief legal officer, respectively, of the Borrower, hereby certify to the Administrative Agent and each other Secured Party as follows:

1. Names. (a) The exact legal name of the Borrower, as such name appears in its respective certificate of formation, is as follows:

HEALTHSOUTH Corporation

(b) Set forth below is each other legal name the Borrower has had in the past five years, together with the date of the relevant change:

NONE

(c) Except as set forth in Schedule 1 hereto, the Borrower has not changed its identity or corporate structure in any way within the past five years. Changes in identity or corporate structure would include mergers, consolidations and material acquisitions, as well as any change in the form, nature or jurisdiction of organization. If any such change has occurred, include in Schedule 1 the information required by Sections 1 and 2 of this certificate as to each acquiree or constituent party to a merger or consolidation.

NONE

(d) The following is a list of all other registered names (including trade names or similar appellations) used by the Borrower in connection with the conduct of its business or the ownership of its properties at any time during the past five years:

See Attached.

(e) Set forth below is the Organizational Identification Number, if any, issued by the jurisdiction of formation of the Borrower:

2028917

(f) Set forth below is the Federal Taxpayer Identification Number of the Borrower:

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63-0860407

2. Current Locations. (a) The chief executive office of the Borrower is located at the address set forth opposite its name below:

Borrower	Mailing Address	County	State
HEALTHSOUTH Corporation	1 HEALTHSOUTH Parkway Birmingham, AL 35243	Jefferson	AL

(b) Set forth below opposite the name of the Borrower are all locations where the Borrower maintains the primary books and records relating to any Accounts Receivable (with each location at which chattel paper, if any, is kept being indicated by an "*"):

Borrower	Mailing Address	County	State
HEALTHSOUTH Corporation	1 HEALTHSOUTH Parkway Birmingham, AL 35243	Jefferson	AL

(c) The jurisdiction of formation of the Borrower is set forth opposite its name below:

Borrower:	Jurisdiction:
HealthSouth Corporation	Delaware

(d) Set forth below opposite the name of the Borrower are all the locations (not identified above) where the Borrower maintains any material Equipment or other material Collateral and the total value of such material Equipment or material Collateral exceeds $3,000,000:

Borrower	Mailing Address	County	State
HEALTHSOUTH Corporation	20601 Old Cutler Road Miami, FL 33189	Dade	FL
HEALTHSOUTH Corporation	801 Goodyear Ave. Gadsden, AL 35903	Etowah	AL
HEALTHSOUTH Corporation	2500 North Tenaya Las Vegas, NV 89128	Clark	NV

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(e) Set forth below opposite the name of the Borrower are all the material places of business of the Borrower not identified in paragraph (a), (b), (c) or (d) above:

Borrower	Mailing Address	County	State
NONE			

(f) Set forth below opposite the name of the Borrower are the names and addresses of all Persons other than the Borrower and its Subsidiaries that have possession of any material Collateral of the Borrower:

Borrower	Mailing Address	County	State
NONE			

3. Unusual Transactions. All Accounts have been originated by the Borrower and all Inventory has been acquired by the Borrower in the ordinary course of business.

4. File Search Reports. File search reports have been obtained from each Uniform Commercial Code filing office identified with respect to the Borrower in Section 2 hereof, and such search reports reflect no liens against any of the Collateral other than those permitted under the Credit Agreement.

5. UCC Filings. Financing statements in substantially the form of Schedule 5 hereto have been prepared for filing in the proper Uniform Commercial Code filing office in the jurisdiction in which the Borrower is located and, to the extent any of the collateral is comprised of fixtures, timber to be cut or as extracted collateral from the wellhead or minehead, in the proper local jurisdiction, in each case as set forth with respect to the Borrower in Section 2 hereof.

6. Schedule of Filings. Attached hereto as Schedule 6 is a schedule setting forth, with respect to the filings described in Section 5 above, each filing and the filing office in which such filing is to be made.

7. Stock Ownership and other Equity Interests. Attached hereto as Schedule 7 is a true and correct list of all the issued and outstanding stock, partnership interests, limited liability company membership interests or other equity interest of the Borrower and the record and beneficial owners of such stock, partnership interests, membership interests or other equity interests. Also set forth on Schedule 7 is each equity investment of the Borrower that represents 50% or less of the equity of the entity in which such investment was made.

See Attached.

8. Debt Instruments. Attached hereto as Schedule 8 is a true and correct list of all promissory notes and other evidence of indebtedness held by the Borrower that are required to be pledged under the Guarantee and Collateral Agreement, including all

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intercompany notes between the Borrower and each Subsidiary and each Subsidiary and each other Subsidiary.

See Attached.

9. Advances. Attached hereto as Schedule 9 is (a) a true and correct list of all outstanding advances (not arising through the ordinary course operation of the Borrower's cash management system) made by the Borrower to any Subsidiary or made by any Subsidiary to the Borrower or to any other Subsidiary (other than those identified on Schedule 8), which outstanding advances will be on and after the date hereof evidenced by one or more intercompany notes pledged to the Administrative Agent under the Collateral and Guarantee Agreement and (b) a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to the Borrower [or any Subsidiary].

NONE

10. Mortgage Filings. Attached hereto as Schedule 10 is a schedule setting forth, with respect to each Mortgaged Property, (a) the exact name of the Person that owns such property as such name appears in its certificate of incorporation or other organizational document, (b) if different from the name identified pursuant to clause (a), the exact name of the current record owner of such property reflected in the records of the filing office for such property identified pursuant to the following clause and (c) the filing office in which a Mortgage with respect to such property must be filed or recorded in order for the Administrative Agent to obtain a perfected security interest therein.

Owner	Location	Filing Office
HEALTHSOUTH Corporation	20601 Old Cutler Road Miami, FL 33189	Dade County, FL
HEALTHSOUTH Corporation	12440 Cortez Boulevard Brooksville, FL 34613	Hernando County, FL
HEALTHSOUTH Corporation	1 HEALTHSOUTH Parkway Birmingham, AL 35243	Jefferson County, AL

11. Intellectual Property. Attached hereto as Schedule 11(A) in proper form for filing with the United States Patent and Trademark Office is a schedule setting forth all of the Borrower's: (i) issued Patents and pendig published Patent Applications, including the name of the registered owner, type, registration or application number and the expiration date (if already registered) of each Patent and Patent Application owned by any Borrower; (ii) registered Trademarks and Trademark Applications, including the name of

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the registered owner, the registration or application number and the expiration date (if already registered) of each Trademark and Trademark application owned by the Borrower. Attached hereto as Schedule 11(B) in proper form for filing with the United States Copyright Office is a schedule setting forth all of the Borrower's registered Copyrights and Copyright Applications, including the name of the registered owner, title, the registration number or application number and the expiration date (if already registered) of each registered Copyright or Copyright Application owned by any Borrower.

See Attached.

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IN WITNESS WHEREOF, the undersigned have duly executed this certificate on this ___ day of March, 2005.

HEALTHSOUTH CORPORATION,

by

_____
Name: John Workman
Title: Executive Vice President & Chief Financial Officer

by

_____
Name: Gregory L. Doody
Title: Executive Vice President, General Counsel & Secretary

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RECORDED: 04/04/2005 REEL: 003059 FRAME: 0424