

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

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### FILER

#### Cornerworld Corp

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): March 30, 2011

**CORNERWORLD CORPORATION**

(Exact name of registrant as specified in its charter)

**Nevada**  
(State or Other Jurisdiction of  
Incorporation)

**333-128614**  
(Commission File Number)

**98-0441869**  
(I.R.S. Employer Identification  
Number)

13010 Preston Road, Suite 100  
Dallas, Texas 75240  
(Address of principal executive offices) (zip code)

(888) 837-3910  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

## **Item 1.01. Entry into Material Definitive Agreement.**

As previously reported, on March 30, 2011, CornerWorld Corporation (the "Company") consummated the February 3, 2011 Settlement Agreement (the "Settlement Agreement") with Mr. Ned Timmer ("Timmer") by making a payment to Timmer totaling \$6.0 million, among other things. The Company raised the proceeds necessary to make the payment by entering into several new financing agreements, detailed as follows.

On March 30, 2011, the Company's S Squared, L.L.C. ("S Squared") and Enversa Companies, LLC ("Enversa") operating divisions (collectively "Borrowers"), entered into a \$5.0 million credit agreement (the "Credit Agreement") with Sovereign - Emerald Crest Capital Partners II, LP and Pacific Specialty Insurance Company (the "Senior Lenders") whereby the Company issued each of the Senior Lenders a Promissory Note for \$2.5 million (the "Senior Notes"). Principal under the Promissory Notes is payable in quarterly installments of \$125,000 (\$62,500 per Senior Note) on the first day of each January, April, July and October, commencing on July 1, 2011 through the payment due October 1, 2012. Commencing with the payment due on January 1, 2013 and thereafter, each subsequent quarterly installment of principal shall be in an amount equal to \$275,000 until such point as the Senior Notes mature on March 31, 2015. Interest on the outstanding principal amount under the Senior Notes is payable monthly in arrears at a variable rate of interest per annum equal to LIBOR plus 12% but, in no case, shall LIBOR ever be considered to be below 3%. Accordingly, the Company will currently pay interest at a rate of 15% on the Senior Notes.

As additional consideration to induce the Senior Lenders to enter into the Senior Notes, the Company issued the Senior Lenders warrants (the "Senior Warrants") to purchase up to 8,762,008 shares of CornerWorld Corporation Common stock. The Senior Warrants can be exercised for an aggregate price of \$100, have a 5 year term and contain certain put and call options.

The Credit Agreement provides that the Senior Notes are secured by substantially all of the Company's and its subsidiaries' assets and provides certain restrictive covenants with respect to the Company's earnings, cash flows and capital expenditures, among other things. Pursuant to the Credit Agreement, the Company and its subsidiaries entered into a related Pledge and Security Agreement by and between the Borrowers and the Senior Lenders (the PSA) and a Subordination Agreement by and between IU Holdings, LP ("Tier 2 Junior Lender"), IU Investments, LLC ("Tier 3 Junior Lender"), Internet University, Inc., ("Internet University"), Marc Blumberg, ("Blumberg"), Marc A. Pickren, ("Pickren", and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), Timmer ("Tier 6 Junior Lender") and Scott N. Beck ("Tier 7 Junior Lender"). The Subordination Agreement establishes the priority of liens amongst the Company's various tiers of secured debt. Also pursuant to the Credit Agreement, the Borrowers entered into a related Joinder Agreement with Emerald Crest Management Company, LLC.

The foregoing description is a summary only and is qualified in its entirety by reference to copies of the Credit Agreement, the Senior Notes, the Senior Warrants, a form of the PSA, the Subordination Agreement and the Joinder Agreement that have been attached as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7 and 10.8 hereto, respectively.

On March 30, 2011, the Company entered into a subordinated \$1.5 million promissory note (the "Tier 2 Junior Note") with the Tier 2 Junior Lender. Principal under the Tier 2 Junior Note is payable in quarterly installments of \$187,500 commencing on May 31, 2011 until such point as the Tier 2 Junior Note matures on February 28, 2013. Interest on the outstanding principal amount under the Tier 2 Junior Note is payable monthly in arrears at a rate of 12% per annum. As additional consideration to induce the Tier 2 Junior Lender to enter into this Promissory Note, the Company issued the Tier 2 Junior Lender, 48,414,132 shares of CornerWorld Corporation Common stock. The Tier 2 Junior Lender is a party to the Subordination Agreement and, accordingly, is subordinated to the Senior Notes. The Tier 2 Junior Note is secured by substantially all of the Company's and its subsidiaries' assets save for a certain patent owned by S Squared. Simultaneous with executing the Tier 2 Junior Note, the Company and its subsidiaries entered into a related PSA. The foregoing description is a summary only and is qualified in its entirety by reference to copies of the Tier 2 Junior Note which has been attached as Exhibit 10.9 and the PSA, a form of which has been attached as Exhibit 10.6. The Tier 2 Junior Lender is a partnership whose limited partners include friends and family of executives of the Company.

On March 30, 2011, the Company entered into Amendment No. 3 (“IU Amendment No. 3”) to its Promissory Note to the Tier 3 Junior Lender (the “Tier 3 Junior Note”). IU Amendment No. 3 revised the repayment schedule of the Tier 3 Junior Note such that the Company will make principal payments totaling \$27,417/month until February 28, 2012, after which time the Company will pay \$67,200 annually beginning March 31, 2012 until such time as the Tier 3 Junior Note is paid in full on March 31, 2016. Interest payments will be payable monthly at a rate of 10% per annum. The Tier 3 Junior Lender is a party to the Subordination Agreement and, accordingly, is subordinated to the Senior Notes and the Tier 2 Junior Note. The Tier 3 Junior Note is secured by substantially all of the Company’s and its subsidiaries’ assets save for a certain patent owned by S Squared. Simultaneous to executing the IU Amendment No. 3, the Company and its subsidiaries entered into a related PSA. The foregoing description is a summary only and is qualified in its entirety by reference to a copy of IU Amendment No. 3 which has been attached as Exhibit 10.10 and the PSA, a form of which has been attached as Exhibit 10.6.

On March 30, 2011, the Company entered into amendments to its promissory notes with the Tier 4 Junior Lenders (collectively the “Tier 4 Junior Notes”). The amendments to the Tier 4 Junior Notes revised the repayment schedules of the Tier 4 Junior Notes such that principal payments would be payable annually beginning on March 31, 2012 until such time as the Tier 4 Junior Notes mature on March 31, 2016. Interest payments will be payable monthly at a revised rate of 15% per annum. The holders of the Tier 4 Junior Notes are a party to the Subordination Agreement and, accordingly, are subordinated to the Senior Notes, the Tier 2 Junior Note and the Tier 3 Junior Note. The Tier 4 Junior Notes are secured by substantially all of the Company’s and its subsidiaries’ assets save for a certain patent owned by S Squared. Simultaneous to executing the respective amendments to the Tier 4 Junior Notes, the Company and its subsidiaries entered into a related PSA. The foregoing descriptions are a summaries only and are qualified in their entirety by reference to copies of Internet Amendment No. 2, Blumberg Amendment No. 2 and Pickren Amendment No. 2 which have been attached as Exhibits 10.11, 10.12, and 10.13, respectively as well as to the PSA, a form of which has been attached as Exhibit 10.6.

On March 30, 2011, the Company entered into a subordinated \$400,000 promissory note (the “Tier 5 Junior Note”) with Internet University. Principal under the Tier 5 Junior Note is payable in monthly installments of \$25,000 commencing on April 30, 2011 until such point as the Tier 5 Junior Note matures on April 30, 2012. Interest on the outstanding principal amount under the Tier 5 Junior Note is payable monthly in arrears at a rate of 15% per annum. As additional consideration to induce Internet University to enter into this Promissory Note, the Company issued Internet University, 12,910,435 shares of CornerWorld Corporation Common stock. Internet University is a party to the Subordination Agreement and, accordingly, is subordinated to the Senior Notes. The Tier 5 Junior Note is secured by substantially all of the Company’s and its subsidiaries’ assets save for a certain patent owned by S Squared. Simultaneous with executing the Tier 5 Junior Note, the Company and its subsidiaries entered into a related PSA. The foregoing description is a summary only and is qualified in its entirety by reference to a copy of the Tier 5 Junior Note, which has been attached as Exhibit 10.14, and the PSA, a form of which has been attached as Exhibit 10.6.

Pursuant to the Settlement Agreement, on March 30, 2011, the Company entered into a subordinated \$1.8 million promissory note (the “Tier 6 Junior Note”) with Timmer. Principal under the Tier 6 Junior Note is payable in annual installments of \$360,000 commencing on April 30, 2012 until such point as the Tier 6 Junior Note matures on April 30, 2016. Interest on the outstanding principal amount under the Tier 6 Junior Note is payable monthly in arrears at a rate of 10% per annum. Timmer is a party to the Subordination Agreement and, accordingly, is subordinated to the Senior Notes, the Tier 2 Junior Note, the Tier 3 Junior Note, the Tier 4 Junior Notes and the Tier 5 Junior Note. The Tier 6 Junior Note is secured by substantially all of the assets of the Company’s Woodland Holdings Corporation operating subsidiary. Simultaneous with executing the Tier 6 Junior Note, the Company and its subsidiaries entered into a related PSA. The foregoing description is a summary only and is qualified in its entirety by reference to a copy of the Tier 6 Junior Note, which has been attached as Exhibit 10.15, and the PSA, a form of which has been attached as Exhibit 10.6.

On March 30, 2011, the Company entered into a subordinated \$389,942 promissory note (the "Tier 7 Junior Note") with Scott N. Beck, the Company's Chief Executive Officer. Principal under the Tier 7 Junior Note is payable in monthly installments of \$12,746 commencing on April 30, 2011 until such point as the Tier 7 Junior Note matures on September 30, 2013. Interest on the outstanding principal amount under the Tier 7 Junior Note is payable monthly in arrears at a rate of 10% per annum. As additional consideration to induce Mr. Beck to enter into this Promissory Note, the Company issued Mr. Beck 12,585,802 shares of CornerWorld Corporation Common stock. Mr. Beck is a party to the Subordination Agreement and, accordingly, the Tier 7 Junior Note is subordinated to the Senior Notes, the Tier 2 Junior Note, the Tier 3 Junior Note, the Tier 4 Junior Notes, Tier 5 Junior Note and the Tier 6 Junior Note. The Tier 7 Junior Note is secured by substantially all of the Company's and its subsidiaries' assets save for a certain patent owned by S Squared. Simultaneous to executing the Tier 7 Junior Note, the Company and its subsidiaries entered into a related PSA. The foregoing description is a summary only and is qualified in its entirety by reference to a copy of the Tier 7 Junior Note which has been attached as Exhibit 10.16 and the PSA, a form of which has been attached as Exhibit 10.6. The Tier 7 Junior Note consists primarily of prior accounts payable.

On March 30, 2011, the Company entered into an unsecured \$37,976 promissory note (the "Tier 8 Junior Note") with Kelly Larabee Morlan. Principal under the Tier 8 Junior Note is payable in monthly installments of \$3,165 commencing on April 30, 2011 until such point as the Tier 8 Junior Note matures on March 30, 2012. Interest on the outstanding principal amount under the Tier 8 Junior Note is payable monthly in arrears at a rate of 10% per annum. As additional consideration to induce Ms. Morlan to enter into this Promissory Note, the Company issued Ms. Morlan 1,194,215 shares of CornerWorld Corporation Common stock. The Tier 8 Junior Note is unsecured. The foregoing description is a summary only and is qualified in its entirety by reference to a copy of the Tier 8 Junior Note which has been attached as Exhibit 10.17 hereto. The Tier 8 Junior Note relates to prior accounts payable.

Finally, in connection with the sourcing of capital pursuant to the Credit Agreement, the Company issued warrants to Dragonfly Capital Partners LLC (the "Dragonfly Warrants") to purchase up to 6,133,406 shares of CornerWorld Corporation Common stock. The warrants can be exercised for an aggregate price of \$100, have a 5 year term and contain certain put and call options. The foregoing description is a summary only and is qualified in its entirety by reference to a copy of the Dragonfly Warrants which has been attached as Exhibit 10.18 hereto.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">10.1</a>	Credit Agreement dated as of March 30, 2011 by and among Enversa Companies, LLC & S Squared, LLC and Pacific Specialty Insurance Company & Sovereign - Emerald Crest Capital Partners II, LP
<a href="#">10.2</a>	Promissory Note dated as of March 30, 2011 by and among Enversa Companies, LLC & S Squared, LLC and Pacific Specialty Insurance Company
<a href="#">10.3</a>	Promissory Note dated as of March 30, 2011 by and among Enversa Companies, LLC & S Squared, LLC and Sovereign - Emerald Crest Capital Partners II, LP
<a href="#">10.4</a>	Warrant dated as of March 30, 2011 for Pacific Specialty Insurance Company purchase 4,381,004 Shares of Common Stock
<a href="#">10.5</a>	Warrant dated as of March 30, 2011 for Emerald Crest Capital Partners II, LP purchase 4,381,004 Shares of Common Stock
<a href="#">10.6</a>	A form of the Pledge and Security Agreement dated as of March 30, 2011
<a href="#">10.7</a>	Subordination Agreement dated as of March 30, 2011 by and among Enversa Companies, LLC & S Squared, LLC and Pacific Specialty Insurance Company & Sovereign - Emerald Crest Capital Partners II, LP
<a href="#">10.8</a>	Joinder Agreement dated as of March 30, 2011 by and among Enversa Companies, LLC & S Squared, LLC and Pacific Specialty Insurance Company & Sovereign - Emerald Crest Capital Partners II, LP
<a href="#">10.9</a>	Promissory Note dated as of March 30, 2011 by and among Enversa Companies, LLC & S Squared, LLC and IU Holdings, LP
<a href="#">10.10</a>	Amendment No. 3 to Promissory Note dated as of March 30, 2011 between CornerWorld Corporation and IU Investments, LLC
<a href="#">10.11</a>	Amendment No. 2 to Promissory Note dated as of March 30, 2011 between CornerWorld Corporation and Internet University, Inc.
<a href="#">10.12</a>	Amendment No. 2 to Promissory Note dated as of March 30, 2011 between CornerWorld Corporation and Marc Blumberg
<a href="#">10.13</a>	Amendment No. 2 to Promissory Note dated as of March 30, 2011 between CornerWorld Corporation and Marc Pickren
<a href="#">10.14</a>	Promissory Note dated as of March 30, 2011 by and among CornerWorld Corporation and Internet University, Inc.
<a href="#">10.15</a>	Promissory Note dated as of March 30, 2011 by and among Woodland Holdings Corporation and Ned Timmer
<a href="#">10.16</a>	Promissory Note dated as of March 30, 2011 by and among CornerWorld Corporation and Scott N. Beck
<a href="#">10.17</a>	Promissory Note dated as of March 30, 2011 by and among CornerWorld Corporation and Kelly Larabee Morlan
<a href="#">10.18</a>	Warrant dated as of March 30, 2011 for Dragonfly Partners to purchase 6,133,406 Shares of Common Stock

## SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### CornerWorld Corporation

Dated: April 5, 2011

By: /s/ V. Chase McCrea III  
V. Chase McCrea III  
Chief Financial Officer

**Exhibit 10.1**

**CREDIT AGREEMENT**

This Credit Agreement, dated as of March 30, 2011, is by and among S SQUARED, L.L.C., an Illinois limited liability company ("Ranger"), ENVERSA COMPANIES, LLC, a Texas limited liability company ("Enversa") (Ranger and Enversa are individually referred to herein as a "Borrower" and collectively as "Borrowers"), each Person (as hereinafter defined) that executes a joinder agreement and becomes a "Guarantor" hereunder or otherwise guaranties all or any part of the Obligations (as hereinafter defined) (each a "Guarantor" and collectively, "Guarantors"), SOVEREIGN - EMERALD CREST CAPITAL PARTNERS II, LP, a Delaware limited partnership, and PACIFIC SPECIALTY INSURANCE COMPANY, a California corporation (each a "Lender" and collectively, "Lenders"), and EMERALD CREST MANAGEMENT COMPANY, LLC, a Delaware limited liability company, as agent for Lenders (in such capacity, "Agent").

**RECITALS**

Borrowers have asked Lenders to extend credit to Borrowers consisting of a term loan in the aggregate principal amount of \$5,000,000. The proceeds of the term loan shall be used (i) to settle certain outstanding litigation, (ii) to pay fees and expenses related to this Agreement and (iii) for general working capital purposes of Borrowers. Each Borrower is, directly or indirectly, a 100% controlled subsidiary of CornerWorld Corporation, a Nevada corporation ("Parent"). Agent has advised Borrowers that Lenders are only willing to extend such credit to Borrowers in a co-borrowing relationship, subject to the terms and conditions hereinafter set forth. The obligations of Lenders hereunder are several, and not joint.

In consideration of the premises and the covenants and agreements contained herein, the parties hereto agree as follows:

**ARTICLE I**

**DEFINITIONS; CERTAIN TERMS**

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the respective meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

"Accounts" shall mean all of each Borrower's accounts, accounts receivable, payment intangibles, and any other right to the payment of money in respect of goods sold or services rendered, or with respect to any Indebtedness owed to any Borrower, including without limitation any such amounts that have been or are in the process of being reduced to a judgment or other form of award or court order, or pursuant to the decision of any comparable authority of a judicial or quasi-judicial nature.

"Action" has the meaning specified therefor in Section 12.12.

"Additional amount" has the meaning specified therefor in Section 2.07(a).

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"Adjusted EBITDA" means the Consolidated EBITDA of any Person, adjusted to remove Stock-Based Compensation and Non-Recurring Fees, with respect to any test conducted for a quarterly SEC filing period occurring on or after April 30, 2011. Adjusted EBITDA shall be calculated on a trailing 12-month basis beginning with the period ended April 30, 2011.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the Capital Stock having ordinary voting power for the election of directors of such Person or (b) direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Notwithstanding anything herein to the contrary, in no event shall Agent or any Lender be considered an "Affiliate" of any Loan Party.

"After Acquired Property" has the meaning specified therefor in Section 7.01(o).

"Agent" has the meaning specified therefor in the preamble hereto.

"Agent Advances" has the meaning specified therefor in Section 10.08(a).

"Agreement" means this Credit Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to the Agreement as the same may be in effect at the time such reference becomes operative.

"Anti-Terrorism Law" means any statute, treaty, law (including common law), ordinance, regulation, rule, order, opinion, release, injunction, writ, decree or award of any Governmental Authority relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224 and the USA Patriot Act.

"A/P Aging Threshold" means that, at any given time, the unpaid accounts payable of all the Loan Parties that are over 90 days past due date, other than the Excluded Payables, exceed the amount of Qualified Cash held by Parent and Borrowers, collectively.

"Applicable Prepayment Premium" means, as of any date of determination, an amount equal to (a) during the period of time from and after the Effective Date up to and including the date that is six (6) months following the Effective Date, one year's interest accrual at the Base Interest Rate on the full outstanding principal amount of the Loan; (b) during the period of time after the six month anniversary of the Effective Date up to and including the date that is the first anniversary of the Effective Date, 107% times the amount of any prepayment of the principal of the Loan on such date; (c) during the period of time after the first anniversary of the Effective Date up to and including the date that is the second anniversary of the Effective Date, 105% times the amount of any prepayment of the principal of the Loan on such date; (d) during the period of time after the second anniversary of the Effective Date up to and including the date that is the third anniversary of the Effective Date, 103% times the amount of any prepayment of the principal of the Loan on such date; (e) during the period of time after the third anniversary of the Effective Date up to and including the date that is three months prior to the Final Maturity Date, 101% times the amount of any prepayment of the principal of the Loan on such date, and (f) thereafter, zero.

"Approved Settlement" means the settlement of the Litigation, and the mutual release of all claims in respect thereof, on the terms and conditions set forth in the Settlement Agreement, together with any modifications of such terms as are approved by Agent in writing.

"Assignment and Acceptance" means an assignment and acceptance entered into by an assigning Lender and an assignee, and accepted by Agent, in accordance with Section 12.07 hereof and substantially in the form of Exhibit B hereto or such other form acceptable to Agent.

"Authorized Officer" means, with respect to any Person, the chief executive officer, chief financial officer, managing member, manager, principal, president or executive vice president of such Person.

"Bankruptcy Code" means the United States Bankruptcy Code (11 U.S.C. § 101, et seq.), as amended, and any successor statute.

"Base Interest Rate" means a variable rate of interest per annum equal to the LIBOR Rate.

"Base Period EBITDA" means \$3,000,000, which the parties agree was the amount of the Woodland EBITDA for the period from January 1, 2010 to December 31, 2010, less approximately \$200,000.

"Blocked Person" has the meaning specified therefor in Section 6.01(hh).

"Board" means the Board of Governors of the Federal Reserve System of the United States.

"Board of Directors" means, with respect to any Person, the board of directors (or comparable managers) of such Person or any committee thereof duly authorized to act on behalf of the board.

"Borrower" and "Borrowers" have the meanings specified therefor in the preamble hereto.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Los Angeles, California are authorized or required to close.

"Capital Expenditures" means, with respect to any Person for any period, the sum of (a) the aggregate of all expenditures by such Person and its Subsidiaries during such period that in accordance with GAAP are or should be included in "property, plant and equipment" or in a similar fixed asset account on its balance sheet, whether such expenditures are paid in cash or financed and including all Capitalized Lease Obligations paid or payable during such period, and (b) to the extent not covered by clause (a) above, the aggregate of all expenditures by such Person and its Subsidiaries during such period to acquire by purchase or otherwise the business or fixed assets of, or the Capital Stock of, any other Person.

"Capital Stock" means (a) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, and (b) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

"Capitalized Lease" means, with respect to any Person, any lease of real or personal property by such Person as lessee which is (a) required under GAAP to be capitalized on the balance sheet of such Person or (b) a transaction of a type commonly known as a "synthetic lease" (*i.e.*, a lease transaction that is treated as an operating lease for accounting purposes but with respect to which payments of rent are intended to be treated as payments of principal and interest on a loan for Federal income tax purposes).

"Capitalized Lease Obligations" means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"Change of Control" means each occurrence of any of the following:

(a) Scott N. Beck shall cease to have, collectively, beneficial ownership and control of at least 10% of the aggregate outstanding voting and economic power of the Capital Stock of Parent, free and clear of all Liens;

(b) Parent shall cease to have beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) and control of 100% of the aggregate voting and economic power of the Capital Stock of each other Loan Party, free and clear of all Liens (other than any Liens granted hereunder and Permitted Liens);

(c) (i) any Loan Party consolidates or amalgamates with or merges into another entity or conveys, transfers or leases all or substantially all of its property and assets to another Person (other than pursuant to a transaction permitted by Section 7.02(c)(i)), or (ii) any entity consolidates or amalgamates with or merges into any Loan Party in a transaction pursuant to which the outstanding voting Capital Stock of such Loan Party is reclassified or changed into or exchanged for cash, securities or other property, other than any such transaction described in this clause (ii) which involves a Loan Party other than Parent and, after giving effect to such transaction, (A) Parent continues to have beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) and control of 100% of the aggregate voting and economic power of the Capital Stock of the resulting, surviving or transferee entity, and (B) the resulting, surviving or transferee entity assumes, in form and substance satisfactory to Agent, all obligations hereunder and otherwise in connection with the Loan previously binding upon the Loan Party involved in such transaction; or

(d) Scott N. Beck shall cease to be involved in the day to day operations and management of the business of either Borrower, and a successor reasonably acceptable to Agent and Lenders is not appointed on terms reasonably acceptable to Agent and Lenders within 60 days of such cessation of involvement; provided, that in the event of Mr. Beck's death, then Parent will have up to 120 days following Mr. Beck's death to appoint a successor reasonably acceptable to Agent and Lenders.

"Closing Fee" has the meaning specified therefor in Section 2.06(a).

"Collateral" means all of the property and assets and all interests therein and proceeds thereof now owned or hereafter acquired by any Person upon which a Lien is granted or purported to be granted by such Person as security for all or any part of the Obligations.

"Combined EBITDA Deficit" has the meaning specified therefor in Section 2.05(b)(i).

"Commitment" means, with respect to each Lender, the commitment of such Lender to make the Loan to Borrowers in the amount set forth in Schedule 1.01(A) hereto, as the same may be terminated or reduced from time to time in accordance with the terms of this Agreement.

"Company Election" has the meaning specified therefor in Section 5(a) of the Warrant Agreement.

"Company Redemption Amount" has the meaning specified therefor in Section 5(a) of the Warrant Agreement.

"Consolidated EBITDA" means, with respect to any Person for any period, the sum of (a) Consolidated Net Income of such Person and its Subsidiaries for such period, plus (b) without duplication, the sum of the following amounts of such Person and its Subsidiaries for such period, to the extent deducted in determining Consolidated Net Income of such Person for such period: (i) Consolidated Net Interest Expense, (ii) income tax expense, (iii) depreciation expense, and (iv) amortization expense.

"Consolidated Net Income" means, with respect to any Person for any period, the net income (loss) of such Person and its Subsidiaries for such period, determined on a consolidated basis and in accordance with GAAP, but excluding from the determination of Consolidated Net Income (without duplication) (a) any extraordinary or non recurring (*i.e.*, those not arising in the ordinary course of business) gains or losses or gains or losses from Dispositions, (b) restructuring charges, (c) any tax refunds, net operating losses or other net tax benefits, (d) effects of discontinued operations and (e) interest income (including interest paid-in-kind).

"Consolidated Net Interest Expense" means, with respect to any Person for any period, gross interest expense of such Person and its Subsidiaries for such period determined on a consolidated basis and in accordance with GAAP (including, without limitation, interest expense paid to Affiliates of such Person), less (a) the sum of (i) interest income for such period and (ii) gains for such period on Hedging Agreements (to the extent not included in interest income above and to the extent not deducted in the calculation of gross interest expense), plus (b) the sum of (i) losses for such period on Hedging Agreements (to the extent not included in gross interest expense) and (ii) the upfront costs or fees for such period associated with Hedging Agreements (to the extent not included in gross interest expense), in each case, determined on a consolidated basis and in accordance with GAAP.

"Contingent Obligation" means, with respect to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement, or (c) any obligation of such Person, whether or not contingent, to purchase property, assets, securities or services, or to

advance or supply funds, primarily for the purpose of assuring the holder of such primary obligation against loss in respect thereof; provided, however, that the term "Contingent Obligation" shall not include any product warranties extended in the ordinary course of business. The amount of any Contingent Obligation shall be equal to the stated or determinable amount of the primary obligation with respect to which such Contingent Obligation is made (or, if less, the maximum amount for which such Person may be held liable) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder).

"Current Value" has the meaning specified therefor in Section 7.01(o).

"Default" means an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Deferred Redemption Amount" means the amount by which the consolidated Loan Parties would have Qualified Cash in an amount less than the greater of (i) \$500,000 or (ii) 25% of Parent's Consolidation EBITDA adjusted to remove Stock-Based Compensation in an amount not greater than \$150,000, on a trailing twelve month basis as of the last day of the month most recently ended if, after exercise of the Holder Election, Parent were to pay in full the Holder Election Amount, to the extent payable in cash pursuant to the Warrant Agreement; provided, however, that in no event shall the Deferred Redemption Amount exceed 50% of the Holder Election Amount.

"Disposition" means any transaction, or series of related transactions, pursuant to which any Person or any of its Subsidiaries sells, assigns, transfers or otherwise disposes of any property or assets (whether now owned or hereafter acquired) to any other Person, in each case, whether or not the consideration therefor consists of cash, securities or other assets owned by the acquiring Person.

"Dollar," "Dollars" and the symbol "\$" each means lawful money of the United States of America.

"Dormant Companies" means, collectively, entities which have been established but which have no separate general ledger or which have less than \$10,000 in annual revenues. The following entities meet this definition as of the Effective Date: Money Jack, LLC, Optima Online, LLC, Hampton Networks LLC, Catalina Media Planning, LLC, Xentrist Services, LLC and Movius Internet Marketings, LLC.

"Effective Date" means the date, on or before March 30, 2011, on which all of the conditions precedent set forth in Section 5.01 are satisfied or waived and the Loan is funded.

"Employee Plan" means an employee benefit plan (other than a Multiemployer Plan) covered by Title IV of ERISA and maintained (or that was maintained at any time during the six (6) calendar years preceding the date of any borrowing hereunder) for employees of any Loan Party or any of its ERISA Affiliates.

"Enversa" has the meaning specified therefor in the preamble hereto.

"Enversa EBITDA Deficit" has the meaning specified therefor in Section 2.05(b)(ii).

"Enversa Performance Threshold" means that the then unpaid principal balance of the Loan shall be an amount less than 2.5 times Enversa's Consolidated EBITDA for the trailing 12-month period most recently ended.

"Enversa Segment" means the "Direct Marketing Services Segment" as disclosed in Parent's quarterly and annual financial statements as filed with the SEC.

"Environmental Actions" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter or other communication from any Person or Governmental Authority involving violations of Environmental Laws or Releases of Hazardous Materials (a) from any assets, properties or businesses owned or operated by any Loan Party or any of its Subsidiaries or any predecessor in interest; (b) from adjoining properties or businesses onto any assets, properties or businesses owned or operated by any Loan Party or any of their Subsidiaries; or (c) onto any facilities which received Hazardous Materials generated by any Loan Party or any of its Subsidiaries or any predecessor in interest.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.), the Federal Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as such laws may be amended or otherwise modified from time to time, and any other present or future federal, state, local or foreign statute, ordinance, rule, regulation, order, judgment, decree, permit, license or other binding determination of any Governmental Authority imposing liability or establishing standards of conduct for protection of the environment or other government restrictions relating to the protection of the environment or the Release, deposit or migration of any Hazardous Materials into the environment.

"Environmental Liabilities and Costs" means all liabilities, monetary obligations, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigations and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any Governmental Authority or any third party, and which relate to any environmental condition or a Release of Hazardous Materials from or onto (a) any property presently or formerly owned by any Loan Party or any of its Subsidiaries or (b) any facility which received Hazardous Materials generated by any Loan Party or any of its Subsidiaries.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities and Costs.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case, as in effect from

time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which would be deemed to be a "controlled group" within the meaning of Sections 414(b), (c), (m) and (o) of the Internal Revenue Code.

"Event of Default" means any of the events set forth in Section 9.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Payables" means those amounts owed by Parent or other Loan Parties to Kramer Levin Naftalis & Frankel, LLP, Oberon Securities, LLC, Gardere Wynne Sewell, LP, Friedman & Felger, LLP, Ryndak & Suri, LP and Crystal Blue Consulting as of the Effective Date, which the Loan Parties represent are in an amount not greater than \$1,600,000.

"Executive Order No. 13224" means Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 23, 2001) or any related enabling legislation or any other similar Executive Order.

"Final Maturity Date" means March 31, 2015, or such earlier date on which any Loan shall become due and payable in accordance with the terms of this Agreement and the other Loan Documents.

"Financial Statements" means (a) the audited consolidated and consolidating balance sheet of Parent and its Subsidiaries for the Fiscal Year ended April 30, 2010, and the related statements of operations, shareholders' equity and cash flows for the Fiscal Year then ended, and (b) the unaudited consolidated and consolidating balance sheet of Parent and its Subsidiaries for the nine months ended January 31, 2010 and the related statements of operations, shareholder's equity and cash flows for the nine months then ended.

"Fiscal Year" means the fiscal year of Parent and its Subsidiaries (including each Borrower) ending on April 30th of each calendar year.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis, provided that for the purpose of Section 7.03 hereof and the definitions used therein, "GAAP" shall mean generally accepted accounting principles in effect on the date hereof and consistent with those used in the preparation of the Financial Statements, provided, further, that if there occurs after the date of this Agreement any change in GAAP that affects in any respect the calculation of any covenant contained in Section 7.03 hereof, Agent and Borrowers shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenant with the intent of having the respective positions of Lenders and Borrowers after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the covenants in Section 7.03 hereof shall be calculated as if no such change in GAAP has occurred.

**"Governmental Authority"** means any nation or government, any Federal, state, city, town, municipality, county, local or other political subdivision thereof or thereto and any department, commission, board, bureau, instrumentality, agency or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**"Guaranteed Obligations"** has the meaning specified therefor in Section 11.01.

**"Guarantor"** means (a) each Person that executes a Joinder Agreement and becomes a "Guarantor" hereunder and (b) each other Person which guarantees, pursuant to Section 5.01(d), Section 7.01(b) or otherwise, all or any part of the Obligations. Agent and Lenders acknowledge that each individual signing any of the Loan Documents or any other documents delivered in connection with this transaction are only signing in his or her representative capacity on behalf of the entity indicated, including the fact that no such individual is guarantying the Loan in his or her individual capacity.

**"Guaranty"** means (a) the guaranty of each Guarantor party hereto contained in ARTICLE XI hereof, and (b) each other guaranty, in form and substance satisfactory to Agent, made by any other Guarantor in favor of Agent for the benefit of Agent and Lenders pursuant to Section 7.01(b) or otherwise, guaranteeing all or any part of the Obligations.

**"Hazardous Material"** means (a) any element, compound or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substance, extremely hazardous substance or chemical, hazardous waste, special waste, or solid waste under Environmental Laws or that is likely to cause immediately, or at some future time, harm to or have an adverse effect on, the environment or risk to human health or safety, including, without limitation, any pollutant, contaminant, waste, hazardous waste, toxic substance or dangerous good which is defined or identified in any Environmental Law and which is present in the environment in such quantity or state that it contravenes any Environmental Law; (b) petroleum and its refined products; (c) polychlorinated biphenyls; (d) any substance exhibiting a hazardous waste characteristic, including, without limitation, corrosivity, ignitability, toxicity or reactivity as well as any radioactive or explosive materials; and (e) any raw materials, building components (including, without limitation, asbestos-containing materials) and manufactured products containing hazardous substances listed or classified as such under Environmental Laws.

**"Hedging Agreement"** means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including, without limitation, any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and any confirmation executed in connection with any such agreement or arrangement.

**"Highest Lawful Rate"** means, with respect to Agent or any Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Obligations under laws applicable to Agent or such Lender which are currently in effect or, to the extent allowed by law, under such applicable laws which



may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws now allow.

"Holder Election" has the meaning specified therefor in Section 5(b) of the Warrant Agreement.

"Holder Election Amount" has the meaning specified therefor in Section 5(b) of the Warrant Agreement.

"Indebtedness" means, with respect to any Person, without duplication, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables or other accounts payable incurred in the ordinary course of such Person's business so long as the Loan Parties have not exceeded the A/P Aging Threshold); (c) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or upon which interest payments are customarily made; (d) all reimbursement, payment or other obligations and liabilities of such Person created or arising under any conditional sales or other title retention agreement with respect to property used and/or acquired by such Person, even though the rights and remedies of the lessor, seller and/or lender thereunder may be limited to repossession or sale of such property; (e) all Capitalized Lease Obligations of such Person; (f) all obligations and liabilities, contingent or otherwise, of such Person, in respect of letters of credit, acceptances and similar facilities; (g) all obligations and liabilities, calculated on a basis satisfactory to Agent and in accordance with accepted practice, of such Person under Hedging Agreements; (h) all monetary obligations under any receivables factoring, receivable sales or similar transactions and all monetary obligations under any synthetic lease, tax ownership/operating lease, off-balance sheet financing or similar financing; (i) all Contingent Obligations; (j) liabilities incurred under Title IV of ERISA with respect to any plan (other than a Multiemployer Plan) covered by Title IV of ERISA and maintained for employees of such Person or any of its ERISA Affiliates; (k) withdrawal liability incurred under ERISA by such Person or any of its ERISA Affiliates with respect to any Multiemployer Plan; and (l) all obligations referred to in clauses (a) through (k) of this definition of another Person that are secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien upon property owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness. The Indebtedness of any Person shall include the Indebtedness of any partnership or of joint venture in which such Person is a general partner or a joint venturer.

"Indemnified Matters" has the meaning specified therefor in Section 12.15.

"Indemnites" has the meaning specified therefor in Section 12.15.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, or extensions generally with creditors, or proceedings seeking reorganization, arrangement, liquidation, receivership, or other similar relief.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended (or any successor statute thereto) and the regulations thereunder.

"Joinder Agreement" means a Joinder Agreement, substantially in the form of Exhibit A, duly executed by a Subsidiary of a Loan Party made a party hereto pursuant to Section 7.01(b). References to a Joinder Agreement are substantially interchangeable with references to a Guaranty, given that those Subsidiaries who become Loan Parties hereunder pursuant to a Joinder Agreement become Guarantors pursuant to the provisions of ARTICLE XI hereof.

"Lease" means any lease of real property to which any Loan Party or any of its Subsidiaries is a party as lessor or lessee.

"Lender" and "Lenders" have the meaning specified therefor in the preamble hereto.

"LIBOR" means the rate per annum, determined by Agent in accordance with its customary procedures, and utilizing such electronic or other quotation sources as it considers appropriate (rounded upwards, if necessary, to the next 1/100%), to be the rate at which Dollar deposits to be outstanding for a period of 360 days are offered to major banks in the London interbank market, which determination shall be conclusive in the absence of manifest error. The foregoing notwithstanding, in no event shall LIBOR, for purposes of this Agreement and the Loan, ever be an amount less than three percent (3%).

"LIBOR Rate" means a rate of interest per annum equal to LIBOR plus 12 percentage points. Changes in LIBOR shall take effect on the date announced.

"Lien" means any mortgage, deed of trust, pledge, lien (statutory or otherwise), security interest, charge or other encumbrance or security or preferential arrangement of any nature, including, without limitation, any conditional sale or title retention arrangement, any Capitalized Lease and any assignment, deposit arrangement or financing lease intended as, or having the effect of, security.

"Litigation" means those legal proceedings collectively defined as the "Actions" in the Settlement Agreement.

"Loan" or "Loans" mean, collectively, the loans made by Lenders to Borrowers on the Effective Date pursuant to Section 2.01.

"Loan Account" means an account maintained hereunder by Agent on its books of account and, with respect to Borrowers, in which Borrowers will be charged with all Loans made to, and all other Obligations incurred by, Borrowers.

"Loan Documents" means this Agreement, any Guaranty, any Joinder Agreement, any Mortgage, any Pledge and Security Agreement, any Subordination Agreement, any UCC Filing Authorization Letter, each Warrant Agreement, and any other agreement, instrument or other document executed and delivered pursuant hereto or thereto or otherwise evidencing or securing any Loan or any other Obligation.

"Loan Party" means each Borrower and any Guarantor.

"Loan Servicing Fee" has the meaning specified therefor in Section 2.06(b).

"Material Adverse Effect" means the occurrence of any event, change in facts, change in conditions, or other change in circumstances which has materially and adversely impacted, or could reasonably be expected to materially and adversely impact, any of (a) the operations, business, assets, properties, condition (financial or otherwise) or prospects of either the Woodland Segment or the Enversa Segment, considered separately, or the Loan Parties taken as a whole, (b) the ability of either the Woodland Segment or the Enversa Segment, considered separately, or the Loan Parties taken as a whole, to perform any of their obligations under any Loan Document to which they (or their constituent entities) are a party, (c) the legality, validity or enforceability of this Agreement or any other Loan Document, (d) the rights and remedies of Agent or any Lender under any Loan Document, or (e) the validity, perfection or priority of a Lien in favor of Agent for the benefit of Lenders on any of the Collateral.

"Material Contract" means, with respect to any Person, (a) each contract or agreement to which such Person or any of its Subsidiaries is a party involving aggregate consideration payable to or by such Person or such Subsidiary of \$150,000 or more in any Fiscal Year (other than purchase orders in the ordinary course of the business of such Person or such Subsidiary and other than contracts that by their terms may be terminated by such Person or Subsidiary in the ordinary course of its business upon less than 60 days' notice without penalty or premium), and (b) each other contract or agreement material to the business, operations, condition (financial or otherwise), performance, prospects or properties of such Person or such Subsidiary, and specifically including, as to Ranger, the XO Agreement.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage" means a mortgage (including, without limitation, a leasehold mortgage), deed of trust or deed to secure debt, in form and substance satisfactory to Agent, made by a Loan Party in favor of Agent for the benefit of Agent and Lenders, securing the Obligations and delivered to Agent pursuant to Section 5.01(d), Section 7.01(b), Section 7.01(o) or otherwise.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Loan Party or any of its ERISA Affiliates has contributed to, or has been obligated to contribute, at any time during the preceding six (6) years.

"Net Cash Proceeds" means, (a) with respect to any Disposition by any Person or any of its Subsidiaries, the amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of such Person or such Subsidiary, in connection therewith after deducting therefrom only (i) the amount of any Indebtedness secured by any Lien permitted by Section 7.02(a) on any asset (other than Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such Disposition (other than Indebtedness under this Agreement), (ii) reasonable expenses related thereto incurred by such Person or such Subsidiary in connection therewith, (iii) transfer taxes paid to any taxing authorities by such Person or such Subsidiary in connection therewith, and (iv) net income taxes to be paid in connection with such Disposition (after taking into account any tax credits or deductions and any tax sharing arrangements) and (b) with respect to the issuance or incurrence of any Indebtedness by any Person or any of its Subsidiaries, or the

sale or issuance by any Person or any of its Subsidiaries of any shares of its Capital Stock, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of such Person or such Subsidiary in connection therewith, after deducting therefrom only (i) reasonable expenses related thereto incurred by such Person or such Subsidiary in connection therewith, (ii) transfer taxes paid by such Person or such Subsidiary in connection therewith and (iii) net income taxes to be paid in connection therewith (after taking into account any tax credits or deductions and any tax sharing arrangements); in each case of clause (a) and (b) to the extent, but only to the extent, that the amounts so deducted are (A) actually paid to a Person that, except in the case of reasonable out-of-pocket expenses, is not an Affiliate of such Person or any of its Subsidiaries and (B) properly attributable to such transaction or to the asset that is the subject thereof.

"New Equity" means the net proceeds received by Parent from the sale or issuance of new equity securities, of whatever class, to the extent that (a) Parent advises Agent that Parent intends for such net proceeds to be considered "New Equity" hereunder for purposes of calculating Parent's compliance with the Total Debt Service Coverage Covenant set forth in Section 7.03(b) hereof; (b) Parent earmarks such net proceeds for that purpose and maintains such net proceeds in a separate account; and (c) such net proceeds have not previously been either removed from such separate account and applied for a different purpose or previously designated for application in order to maintain compliance with the Total Debt Service Coverage Covenant. For purposes of illustration, if Parent had raised net New Equity proceeds in the amount of \$1,000,000 and needed to deem \$125,000 of that amount applied toward the cure of a potential Total Debt Service Coverage Covenant default, there would then only be \$875,000 of New Equity remaining for application in cure of future potential Total Debt Service Coverage Covenant defaults.

"New Lending Office" has the meaning specified therefor in Section 2.07(d).

"Non-Recurring Fees" means those attorneys' fees and associated charges incurred in connection with (i) the Litigation and (ii) the Oberon Securities LLC settlement, together with (iii) closing fees, broker's fees, and attorneys' fees and associated charges incurred in connection with the closing of the Loan and the consummation of the transactions associated therewith.

"Non-U.S. Lender" has the meaning specified therefor in Section 2.07(d).

"Obligations" means all present and future indebtedness, obligations, and liabilities of each Loan Party to Agent and Lenders, whether or not the right of payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured, unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 9.01. Without limiting the generality of the foregoing, the Obligations of each Loan Party under the Loan Documents include (a) the obligation to pay principal, interest, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by such Person in respect of the Loan or otherwise under the Loan Documents, (b) the obligation of such Person to reimburse any amount in respect of any of the foregoing that Agent or any Lender (in its sole discretion) may elect to pay or advance on behalf of such Person, and (c) the obligation of Parent to pay the Company

Redemption Amount and the Holder Election Amount (whichever is applicable), including any Deferred Redemption Amount.

"Operating Lease Obligations" means all obligations for the payment of rent for any real or personal property under leases or agreements to lease, other than Capitalized Lease Obligations.

"Other Taxes" has the meaning specified therefor in Section 2.07(b).

"Parent" has the meaning specified therefor in the recitals hereof.

"Participant Register" has the meaning specified therefor in Section 12.07(g).

"Paydown Amount" means that amount, if positive, determined by subtracting from the unpaid principal balance of the Loan an amount equal to 2.5 times Enversa's Consolidated EBITDA for the 12-month period most recently ended.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Permitted Indebtedness" means:

- (a) any Indebtedness owing to Agent or any Lender under this Agreement or any other Loan Document;
- (b) any other Indebtedness listed on Schedule 7.02(b), and the extension of maturity, refinancing or modification of the terms thereof; provided, however, that (i) such extension, refinancing or modification is pursuant to terms that are not less favorable to the Loan Parties and Lenders than the terms of the Indebtedness being extended, refinanced or modified and (ii) after giving effect to such extension, refinancing or modification, (A) the amount of such Indebtedness is not greater than the amount of Indebtedness outstanding immediately prior to such extension, refinancing or modification and (B) the final or weighted average maturity of such Indebtedness is not earlier than the Indebtedness being refinanced;
- (c) Indebtedness evidenced by Capitalized Lease Obligations entered into in order to finance Capital Expenditures made by the Loan Parties in accordance with the provisions of Section 7.03(a), which Indebtedness, when aggregated with the principal amount of all Indebtedness incurred under this clause (c) and clause (d) of this definition, does not exceed \$100,000 at any time outstanding;
- (d) Indebtedness secured by a Lien permitted by clause (e) of the definition of "Permitted Lien";
- (e) the Subordinated Indebtedness; and
- (f) other unsecured Indebtedness owing to any Person not otherwise permitted by any of clauses (a) through (e) of this definition in an aggregate amount not to exceed \$50,000 at any time outstanding.

"Permitted Liens" means:

- (a) Liens securing the Obligations;
- (b) Liens for taxes, assessments and governmental charges the payment of which is not required under Section 7.01(c);
- (c) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's and other similar Liens arising (provided they are subordinate to Agent's Liens on Collateral) in the ordinary course of business and securing obligations (other than Indebtedness for borrowed money) that (i) are not overdue by more than 30 days or (ii) are being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, provided that a reserve or other appropriate provision, if any, as may be required by GAAP has been made therefor;
- (d) Liens described on Schedule 7.02(a), but not the extension of coverage thereof to other property or the extension of maturity, refinancing or other modification of the terms thereof or the increase of the Indebtedness secured thereby;
- (e) (i) purchase money Liens on equipment acquired or held by any Loan Party or any of its Subsidiaries in the ordinary course of its business to secure the purchase price of such equipment or Indebtedness incurred solely for the purpose of financing the acquisition of such equipment or (ii) Liens existing on such equipment at the time of its acquisition; provided, however, that (A) no such Lien shall extend to or cover any other property of any Loan Party or any of its Subsidiaries, (B) the principal amount of the Indebtedness secured by any such Lien shall not exceed the lesser of the fair market value or the cost of the property so held or acquired and (C) the aggregate principal amount of Indebtedness secured by any or all such Liens shall not exceed at any one time outstanding \$50,000;
- (f) deposits and pledges of cash securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (ii) the performance of bids, tenders, leases, contracts (other than for the payment of money) and statutory obligations or (iii) obligations on surety or appeal bonds, but only to the extent such deposits or pledges are made or otherwise arise in the ordinary course of business and secure obligations not past due;
- (g) easements, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (i) secure obligations for the payment of money or (ii) materially impair the value of such property or its use by any Loan Party or any of its Subsidiaries in the normal conduct of such Person's business; and
- (h) Liens on real property or Equipment securing Indebtedness permitted by subsection (c) of the definition of Permitted Indebtedness.

"Person" means an individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other enterprise or entity or Governmental Authority. For purposes of determining certain of the financial reporting requirements hereunder, references in accounting terms such as Consolidated

EBITDA, Consolidated Net Income, Consolidated Net Interest Expense, etc., to "any Person" shall also include each of the Enversa Segment and the Woodland Segment.

"Plan" means any Employee Plan or Multiemployer Plan.

"Pledge and Security Agreement" means a Pledge and Security Agreement made by a Loan Party in favor of Agent for the benefit of Agent and Lenders, in form and substance satisfactory to Agent, securing the Obligations and delivered to Agent.

"Post-Default Rate" means a rate of interest per annum equal to the rate of interest otherwise in effect from time to time pursuant to the terms of this Agreement plus 5.00 percentage points, or, if a rate of interest is not otherwise in effect, interest at the highest rate specified herein for any Loan then outstanding prior to an Event of Default plus 5.00 percentage points.

"Pro Rata Share" means, with respect to a Lender's obligation to make the Loan, the percentage obtained by dividing (i) such Lender's Commitment by (ii) the Total Commitment, provided that once the Loan has been funded and disbursed, for purposes of receiving payments of interest, fees, and principal with respect thereto, and with respect to all other matters (including, without limitation, the indemnification obligations arising under Section 10.05), Pro Rata Share means the percentage obtained by dividing (x) the unpaid principal amount of such Lender's portion of the Loan by (y) the aggregate unpaid principal amount of the Loan.

"Qualified Cash" means, as of any date of determination, the amount of unrestricted cash and cash equivalents of the Loan Parties that is in deposit accounts or in securities accounts, or any combination thereof, maintained by a branch office of a bank or securities intermediary located within the United States.

"Ranger" has the meaning specified therefor in the preamble hereto and means the operating subsidiary formally known as S Squared, LLC dba Ranger Wireless, LLC.

"Register" has the meaning specified therefor in Section 12.07(d).

"Registered Loans" has the meaning specified therefor in Section 12.07(d).

"Regulation T," "Regulation U" and "Regulation X" mean, respectively, Regulations T, U and X of the Board or any successor, as the same may be amended or supplemented from time to time.

"Related Fund" means, with respect to any Person, an Affiliate of such Person, or a fund or account managed by such Person or an Affiliate of such Person.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Material (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material) into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through or in the ambient air, soil, surface or ground water, or property.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the indoor or outdoor environment; (b) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (c) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or (d) perform any other actions authorized by 42 U.S.C. § 9601.

"SEC" means the Securities and Exchange Commission or any other similar or successor agency of the Federal government administering the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect from time to time.

"Settlement Agreement" means that certain Settlement Agreement dated as of February 3, 2011 between CornerWorld Corporation and Ned B. Timmer. The term "Settlement Agreement," as used herein, shall not include any amendments or modifications to the Settlement Agreement dated February 3, 2011, regardless of how any such amendment or modification may have been documented or agreed upon, unless such amendment or modification has been approved by Agent in writing.

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is not less than the total amount of the liabilities of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its existing debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Stock-Based Compensation" means non-cash amounts recorded in the financial statements, in accordance with GAAP, for expenses related to stock options, warrants and other similar instruments.

"Subordinated Indebtedness" means Indebtedness of any Loan Party, including without limitation the Indebtedness owed to the Subordinated Lenders, the terms of which are satisfactory to Agent and which has been expressly subordinated in right of payment to all Indebtedness of such Loan Party under the Loan Documents (a) by the execution and delivery of a subordination agreement, in form and substance satisfactory to Agent, or (b) otherwise on terms and conditions (including, without limitation, subordination provisions, payment terms, interest rates, covenants, remedies, defaults and other material terms) satisfactory to Agent.



"Subordinated Lenders" means Internet University, Inc., a Texas corporation, IU Holdings, LP, a Texas limited partnership, IU Investments, LLC, a Texas limited liability company, Marc Blumberg, an individual, Marc A. Pickren, an individual, Ned B. Timmer, an individual, and Scott N. Beck, an individual, as the holders of the Subordinated Indebtedness outstanding on the Effective Date.

"Subordination Agreements" means those certain Subordination and Standstill Agreements, in form and substance satisfactory to Lenders and Agent, pursuant to which the Subordinated Indebtedness shall be subordinated in right of payment to repayment of the Loan, and any Lien or other security interest (if any) permitted to secure the Subordinated Indebtedness shall have been subordinated in right and priority to the Liens and security interests in favor of Agent for the benefit of Lenders.

"Subsidiary" means, with respect to any Person at any date, any corporation, limited or general partnership, limited liability company, trust, estate, association, joint venture or other business entity (a) the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP or (b) of which more than 50% of (i) the outstanding Capital Stock having (in the absence of contingencies) ordinary voting power to elect a majority of the board of directors or other managing body of such Person, (ii) in the case of a partnership or limited liability company, the interest in the capital or profits of such partnership or limited liability company or (iii) in the case of a trust, estate, association, joint venture or other entity, the beneficial interest in such trust, estate, association or other entity business is, at the time of determination, owned or controlled directly or indirectly through one or more intermediaries, by such Person.

"Super Liquidity Condition" means that, after giving effect to any proposed prepayment of either the Loan or any portion of the Subordinated Indebtedness, Parent and all of the Borrowers, collectively, would (i) continue to have not less than \$1,500,000 of Qualified Cash, calculated as if such Persons had also paid all accounts payable owed to any trade creditors other than the Excluded Payables that are more than 90 days past due, and (ii) continue to have not less than \$500,000 of Qualified Cash, calculated as if such Persons had also paid all accounts payable owed to any trade creditors, including the Excluded Payables, that are more than 90 days past due. For purposes of clarity, neither Parent or any of the Borrowers shall actually be required to pay trade creditors pursuant to the preceding sentence, but the determination of whether Parent and the Borrowers shall continue to have sufficient Qualified Cash to satisfy the foregoing two tests shall be made after deducting an amount which would be sufficient to have paid such trade creditors.

"T2" means T2 Communications LLC, a Michigan limited liability company.

"Taxes" has the meaning specified therefor in Section 2.07(a).

"Title Insurance Policy" means a mortgagee's loan policy, in form and substance satisfactory to Agent, together with all endorsements made from time to time thereto, issued by or on behalf of a title insurance company satisfactory to Agent, insuring the Lien created by a Mortgage in an amount and on terms satisfactory to Agent, delivered to Agent.

"Total Commitment" means the sum of the amounts of Lenders' Commitments.

"Total Debt Service" means, for any period, the sum of payments made or required to be made by any of the Loan Parties during such period for the following: (a) regularly scheduled principal and accrued interest due on the Loan; (b) any principal payment on the Loan which Borrowers are required to make pursuant to Sections 2.05(b)(i), (ii), or (iii); (c) principal and interest payments due or accrued on any other Indebtedness of the Loan Parties (to the extent not addressed by any other clause of this definition); (d) principal and interest payments made on the Subordinated Indebtedness; (e) all cash Capital Expenditures made by the Loan Parties during such period in excess of \$100,000 per 12 months (and a prorated portion thereof for a shorter period) (it being understood that the amounts for any financed Capital Expenditures shall be included in this calculation, to the extent paid or coming due, pursuant to clause (c) above); and (f) the amount of federal and state income taxes actually paid by Parent during such period on its Consolidated Net Income, less any amount of the payments made in respect of the preceding clause (d) to the extent such amounts are deemed to have been covered by New Equity.

"Total Debt Service Coverage Covenant" has the meaning specified therefor in Section 7.03(b).

"Transferee" has the meaning specified therefor in Section 2.07(a).

"UCC Filing Authorization Letter" means a letter duly executed by each Borrower and each of the other Loan Parties authorizing Agent to file appropriate financing statements on Form UCC-1 without the signature of such Person in such office or offices as may be necessary or, in the opinion of Agent, desirable to perfect the security interests purported to be created by the Loan Documents.

"Uniform Commercial Code" has the meaning specified therefor in Section 1.03.

"USA Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Verizon" means Verizon Corporate Services Group Inc., a New York corporation.

"Verizon Adverse Event" means either (i) the receipt by Ranger of notice from Verizon that Verizon has elected to terminate the Verizon Contract or (ii) the agreement of Verizon and Ranger to a modification of the Verizon Contract on economic terms which require Verizon to pay for service/access to the system operated by Ranger at a rate less than 80% of the rate that is required pursuant to the Verizon Contract as in effect on the Effective Date.

"Verizon Contract" means that certain contract between Ranger and Verizon, dated November 1, 2010, and signed by Verizon on December 20, 2010, as the same may hereafter be renewed or extended; provided, however, that for purposes of determining a Verizon Adverse Event, no modifications of the economic terms of the Verizon Contract as in effect on the Effective Date shall be considered unless such modifications have been specifically approved by Agent in writing.

"WARN" has the meaning specified therefor in Section 6.01(z).

"Warrant Agreement" means, collectively, those certain Warrant Agreements entered into by and between Parent and Lenders as of the Effective Date.

"Warrant Shares" means those shares of the Capital Stock in Parent issuable to Lenders in accordance with the terms and conditions of the Warrant Agreement.

"Woodland EBITDA" means the Adjusted EBITDA of the Woodland Segment for the applicable period, as further adjusted to subtract the gross profit of T2 for such period.

"Woodland Holdings" means Woodland Holdings Corp., a Delaware corporation and the sole shareholder of Woodland Wireless.

"Woodland Segment" means the "Communications Services Segment" as disclosed in Parent's quarterly and annual financial statements as filed with the SEC.

"Woodland Wireless" means Woodland Wireless Solutions Ltd., a Michigan corporation and the sole shareholder of Ranger.

"XO Agreement" means that certain XO Service Order Agreement dated July 16, 2010, between Ranger and XO Communications Services, Inc., including the Service Level Agreement, the Telco Collocation Terms and Conditions, and all other addenda and terms attached thereto, as the same may be renewed, extended, modified, restated or replaced from time to time.

Section 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any right or interest in or to assets and properties of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

Section 1.03 Accounting and Other Terms. Unless otherwise expressly provided herein, each accounting term used herein shall have the meaning given it under GAAP applied on a basis consistent with those used in preparing the Financial Statements. All terms used in this Agreement which are defined in Article 8 or Article 9 of the Uniform Commercial Code as in

effect from time to time in the State of New York (the "Uniform Commercial Code") and which are not otherwise defined herein shall have the same meanings herein as set forth therein, provided that terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as Agent may otherwise determine.

Section 1.04 Time References. Unless otherwise indicated herein, all references to time of day refer to Pacific Standard Time or Pacific daylight saving time, as in effect in Los Angeles, California on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; provided, however, that with respect to a computation of fees or interest payable to Agent or any Lender, such period shall in any event consist of at least one full day.

## **ARTICLE II THE LOANS**

Section 2.01 Commitments.

(a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender severally agrees to make the Loan to Borrowers on the Effective Date, in an aggregate principal amount not to exceed the amount of such Lender's Commitment.

(b) Notwithstanding the foregoing, the aggregate principal amount of the Loan made on the Effective Date shall not exceed the Total Commitment. Any principal amount of the Loan which is repaid or prepaid may not be reborrowed.

Section 2.02 Making the Loans. The Loan under this Agreement shall be made by Lenders simultaneously and proportionately to their Pro Rata Shares of the Commitment, it being understood that no Lender shall be responsible for any default by any other Lender in that other Lender's obligations to make a Loan requested hereunder, nor shall the Commitment of any Lender be increased or decreased as a result of the default by any other Lender in that other Lender's obligation to make a Loan requested hereunder, and each Lender shall be obligated to make the Loans required to be made by it by the terms of this Agreement regardless of the failure by any other Lender. The foregoing notwithstanding, in the event either Lender fails to satisfy its obligation to fund its Commitment hereunder, then no closing shall occur, the Loan shall not be funded, and each of the Borrowers and each of the other Loan Parties will be released from all Obligations pursuant to this Agreement and the other Loan Documents (but each such Person shall remain bound by the terms of that certain Expression of Interest dated January 19, 2011, and the attached Term Sheet, to the extent any such provisions are expressly stated to be binding upon and enforceable against Borrowers).

Section 2.03 Repayment of Loans; Evidence of Debt.

(a) The outstanding principal of the Loan shall be repayable in quarterly installments on the first day of each January, April, July and October, commencing on July 1,

2011. The first six such quarterly installments, being the payments due July 1, 2011 through and including the payment due October 1, 2012, shall each be in an amount equal to \$125,000. Commencing with the payment due on January 1, 2013 and thereafter, each subsequent quarterly installment of principal shall be in an amount equal to \$275,000; provided, however, that the last such installment shall be in the amount necessary to repay in full the unpaid principal balance of the Loan and shall be due and payable on the Final Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of Borrowers to such Lender resulting from the Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) Agent shall maintain accounts in which it shall record (i) the amount of the Loans made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrowers to each Lender hereunder and (iii) the amount of any sum received by Agent hereunder for the account of Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrowers to repay the Loans in accordance with the terms of this Agreement.

(e) The Loan made by each Lender shall be evidenced by a promissory note, and Borrowers shall execute and deliver to each Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in a form furnished by Agent and reasonably acceptable to Borrowers. Thereafter, the Loan evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 12.07) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

#### Section 2.04 Interest.

(a) Loan. The Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date the Loan is disbursed until such principal amount becomes due, at a rate per annum equal to the Base Interest Rate.

(b) Default Interest. To the extent permitted by law, upon the occurrence and during the continuance of an Event of Default, the principal of, and all accrued and unpaid interest on, all Loans, fees, indemnities or any other Obligations of the Loan Parties under this Agreement and the other Loan Documents, shall bear interest, from the date such Event of Default occurred until the date such Event of Default is cured or waived in writing in accordance herewith, at a rate per annum equal at all times to the Post-Default Rate.

(c) Interest Payment. Interest on the Loan shall be payable monthly, in arrears, on the first day of each month, commencing on the first day of the month following

the month in which the Loan is made and at maturity (whether upon demand, by acceleration or otherwise). Interest at the Post-Default Rate shall be payable on demand.

(d) General. All interest shall be computed on the basis of a year of 360 days and charged for the actual number of days elapsed.

Section 2.05 Prepayment of the Loan.

(a) Optional Prepayment. Borrowers may, upon at least 5 Business Days' prior written notice to Agent, prepay the principal of the Loan, in whole or in part. Each prepayment made pursuant to this Section 2.05(a) shall be accompanied by (i) the payment of accrued interest to the date of such payment on the amount prepaid, (ii) the payment of any Applicable Prepayment Premium payable pursuant to Section 2.06, and (iii) any and all other fees and charges accrued as of such date pursuant to Section 2.06. Each such prepayment shall be applied against the remaining installments of principal due on the Loan in the inverse order of maturity. In addition to the foregoing, in accordance with the provisions of Section 7.02(l)(iii), Borrowers may prepay the principal of the Loan accompanied only by the payments required by clauses (i) and (iii) of the second sentence of this Section 2.05(a), but without obligation to pay the Applicable Prepayment Premium described in clause (ii) of said sentence.

(b) Mandatory Prepayment.

(i) If, as of the end of any fiscal quarter during the term of the Loan, the aggregate principal amount of the Loan outstanding on such date exceeds the product of (A) the multiplication factor set forth below times (B) the Adjusted EBITDA of Parent for the most recent 12 consecutive month period ending on the date set forth opposite such factor in the table below (any such excess being referred to as a "Combined EBITDA Deficit"), then (x) with respect to the first Combined EBITDA Deficit so calculated, if such Combined EBITDA Deficit is greater than \$250,000, within 30 days after the delivery of the financial statements evidencing the Combined EBITDA Deficit (or 30 days after the date such financial statements were due, if earlier), Borrowers shall prepay the outstanding principal balance of the Loan in an aggregate amount equal to the amount by which the Combined EBITDA Deficit exceeds \$250,000, and the amount of the Combined EBITDA Deficit up to \$250,000 shall be governed by clause (y) of this sentence, or (y) to the extent such Combined EBITDA Deficit is \$250,000 or less, no amount shall be payable until after the next quarterly test period, and if, following the next quarterly test period, there continues to exist a Combined EBITDA Deficit (and for each consecutive succeeding quarterly test period as to which a Combined EBITDA Deficit continues to exist), then Borrowers shall prepay the outstanding principal balance of the Loan in an aggregate amount equal to the full amount of the then existing Combined EBITDA Deficit within 10 days after the delivery of the financial statements evidencing the Combined EBITDA Deficit (or 10 days after the date such financial statements were due, if earlier). At such time as a quarterly test reveals no Combined EBITDA Deficit, then any subsequent Combined EBITDA Deficit shall once again be governed by clause (x) of the preceding sentence.

<b><u>Test Periods Ending</u></b>	<b><u>Multiplication Factor</u></b>
4/30/11	2.25
7/31/11	2.15
10/31/11	2.05
1/31/12	1.95
4/30/12	1.85
7/31/12	1.75
10/31/12	1.65
1/31/13 - Maturity	1.55

(ii) If, as of the end of any fiscal quarter during the term of the Loan commencing April 30, 2013, the aggregate principal amount of the Loan outstanding on such date exceeds the product of (A) the multiplication factor set forth below times (B) Enversa's Adjusted EBITDA for the most recent 12 consecutive month period ending on the date set forth opposite such factor in the table below (any such excess being referred to as an "Enversa EBITDA Deficit"), then (x) with respect to the first Enversa EBITDA Deficit so calculated, if such Enversa EBITDA Deficit is greater than \$250,000, within 30 days after the delivery of the financial statements evidencing the Enversa EBITDA Deficit (or 30 days after the date such financial statements were due, if earlier), Borrowers shall prepay the outstanding principal balance of the Loan in an aggregate amount equal to the amount by which the Enversa EBITDA Deficit exceeds \$250,000, and the amount of the Enversa EBITDA Deficit up to \$250,000 shall be governed by clause (y) of this sentence, or (y) to the extent such Enversa EBITDA Deficit is \$250,000 or less, no amount shall be payable until after the next quarterly test period, and if, following the next quarterly test period, there continues to exist an Enversa EBITDA Deficit (and for each consecutive succeeding quarterly test period as to which an Enversa EBITDA Deficit continues to exist), then Borrowers shall prepay the outstanding principal balance of the Loan in an aggregate amount equal to the full amount of the then existing Enversa EBITDA Deficit within 10 days after the delivery of the financial statements evidencing the Enversa EBITDA Deficit (or 10 days after the date such financial statements were due, if earlier). At such time as a quarterly test reveals no Enversa EBITDA Deficit, then any subsequent Enversa EBITDA Deficit shall once again be governed by clause (x) of the preceding sentence.

<b><u>Test Period Ending</u></b>	<b><u>Multiplication Factor</u></b>
4/30/13	3.00
7/31/13	2.90
10/31/13	2.80
1/31/14	2.70
4/30/14	2.60
7/31/14	2.50
10/31/14	2.40
1/31/15	2.30

(iii) At any time prior to achieving the Enversa Performance Threshold, if Woodland EBITDA, calculated on a trailing 12-month basis, shall ever be less than the

Base Period EBITDA, then within 10 days after the delivery of the financial statements evidencing such reduction in Woodland EBITDA, Borrowers shall prepay the outstanding principal balance of the Loan in an aggregate amount proportionately equal to the reduction in trailing 12-month Woodland EBITDA. The foregoing covenant shall be tested quarterly, commencing April 30, 2011. The required amount of proportional reduction in the Loan shall be determined as follows. With Base Period EBITDA equal to \$3,000,000, if Woodland EBITDA for the most recent period of 12 consecutive months was \$2,800,000, representing a reduction equal to 6.67% below Base Period EBITDA, then Borrowers shall be required to make an aggregate principal paydown equal to 6.67% of the then outstanding principal balance of the Loan.

(iv) At any time prior to achieving the Enversa Performance Threshold, within 10 days following the occurrence of a Verizon Adverse Event, Borrowers shall prepay the outstanding principal balance of the Loan in an amount equal to the Paydown Amount. Borrowers understand and agree that the foregoing provision shall apply with respect to any occurrence constituting a Verizon Adverse Event at any time when the Enversa Performance Threshold has not been achieved.

(v) Immediately upon any Disposition by any Loan Party or its Subsidiaries, Borrowers shall prepay the outstanding principal amount of the Loan in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such Disposition to the extent that the aggregate amount of Net Cash Proceeds received by all Loan Parties and their Subsidiaries (and not paid to Agent as a prepayment of the Loans) exceeds \$50,000 for all such Dispositions in any Fiscal Year. Nothing contained in this subsection (iii) shall permit any Loan Party or any of its Subsidiaries to make a Disposition of any property other than in accordance with Section 7.02(c)(ii).

(vi) Upon the issuance or incurrence by any Loan Party or any of its Subsidiaries of any Indebtedness (other than Indebtedness referred to in clauses (a), (b), (c), (d) and (f) of the definition of Permitted Indebtedness), or the sale or issuance by any Loan Party or any of its Subsidiaries of any shares of its Capital Stock, Borrowers shall prepay the outstanding amount of the Loan in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection therewith. The provisions of this subsection (vi) shall not be deemed to be implied consent to any such issuance, incurrence or sale that would otherwise be prohibited by the terms and conditions of this Agreement. In the event Parent desires to sell or issue any shares of its Capital Stock, Parent shall so advise Agent and Lenders, requesting Agent and Lenders to specify whether Lenders shall require that any portion of the proceeds resulting from the sale or issuance of such Capital Stock be applied as a prepayment against the Loan pursuant to this subsection (vi), and Lenders, through Agent, shall have 30 days in which to respond. In the event neither Lenders nor Agent respond within said 30-day period, Lenders shall be deemed to have agreed to permit the issuance of such Capital Stock by Parent without requiring a corresponding prepayment of the Loan. In the event Lenders require a prepayment of the Loan resulting from the sale or issuance by Parent of its Capital Stock, Lenders agree that any such prepayment shall not be subject to the Applicable Prepayment Premium; provided, however, that if Parent elects to utilize the proceeds of



any such sale of Capital Stock for a prepayment of the Loan in the absence of a demand by Lenders that the Loan be prepaid, then the Applicable Prepayment Premium shall apply.

(c) Cumulative Prepayments. Except as otherwise expressly provided in this Section 2.05, payments with respect to any subsection of this Section 2.05 are in addition to payments made or required to be made under any other subsection of this Section 2.05.

Section 2.06 Fees.

(a) Closing Fee. On or prior to the Effective Date, Borrowers shall pay to Agent for the account of Lenders, in accordance with their Pro Rata Shares, a non-refundable closing fee (the "Closing Fee") equal to \$125,000, which shall be deemed fully earned when the Loan is funded. One-half of the Closing Fee shall be due and payable on the Effective Date, and the balance shall be due and payable 90 days thereafter.

(b) Loan Servicing Fee. From and after the Effective Date and until the later of (i) the Final Maturity Date and (ii) the date on which all Obligations are paid in full, Borrowers shall pay to Agent for the account of Agent, a non-refundable loan servicing fee (the "Loan Servicing Fee") equal to \$3,000 each month, which shall be deemed fully earned when paid and which shall be payable on the Effective Date and monthly in advance thereafter on the first day of each month, commencing on April 1, 2011.

(c) Prepayment Premium. In the event of (i) any optional prepayment of the Loan pursuant to Section 2.05(a), (ii) any mandatory prepayment of the Loan pursuant to Section 2.05(b), or (iii) any termination of this Agreement at any time prior to the Final Maturity Date, whether pursuant to Section 3.03, or for any other reason, including, without limitation, (A) termination upon the election of Agent to terminate after the occurrence and during the continuation of an Event of Default, (B) foreclosure and sale of Collateral, (C) sale of Collateral in any Insolvency Proceeding, or (D) restructure, reorganization, or compromise of the Obligations by the confirmation of a plan of reorganization or any other plan of compromise, restructure, or arrangement in any Insolvency Proceeding, then, in view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to Agent and Lenders or profits lost by Agent and Lenders as a result of such prepayment or termination, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of Agent and Lenders, Borrowers shall pay to Agent, in cash, the Applicable Prepayment Premium, measured as of and payable on the date set forth as the date of such prepayment or termination.

Section 2.07 Taxes.

(a) Any and all payments by any Loan Party hereunder or under any other Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on the net income of Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such entity, a "Transferee")) by the jurisdiction in which such Person is organized or has its principal lending office (all such

nonexcluded taxes, levies, imposts, deductions, charges withholdings and liabilities, collectively or individually, "Taxes"). If any Loan Party shall be required to deduct any Taxes from or in respect of any sum payable hereunder to Agent or any Lender (or any Transferee), (i) the sum payable shall be increased by the amount (an "additional amount") necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.07) Agent or such Lender (or such Transferee) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, each Loan Party agrees to pay to the relevant Governmental Authority in accordance with applicable law any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes"). Each Loan Party shall deliver to Agent and each Lender official receipts in respect of any Taxes or Other Taxes payable hereunder promptly after payment of such Taxes or Other Taxes.

(c) The Loan Parties hereby jointly and severally indemnify and agree to hold each Agent and each Lender harmless for, from and against Taxes and Other Taxes (including, without limitation, Taxes and Other Taxes imposed on any amounts payable under this Section 2.07) paid by such Person, whether or not such Taxes or Other Taxes were correctly or legally asserted. Such indemnification shall be paid within 10 days after the date on which any such Person makes written demand therefor specifying in reasonable detail the nature and amount of such Taxes or Other Taxes.

(d) Each Lender (or Transferee) that is organized under the laws of a jurisdiction outside the United States (a "Non-U.S. Lender") agrees that it shall, no later than the Effective Date (or, in the case of a Lender which becomes a party hereto pursuant to Section 12.07 hereof after the Effective Date, promptly after the date upon which such Lender becomes a party hereto) deliver to Agent (or, in the case of a participant, to Lender granting the participation only) one properly completed and duly executed copy of either U.S. Internal Revenue Service Form W-8BEN, W-8ECI or W-8IMY or any subsequent versions thereof or successors thereto, in each case claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax and payments of interest hereunder. In addition, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Internal Revenue Code, such Non-U.S. Lender hereby represents to Agent and Borrowers that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Internal Revenue Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of either Borrower and is not a controlled foreign corporation related to either Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code), and such Non-U.S. Lender agrees that it shall promptly notify Agent in the event any such representation is no longer accurate. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Lender changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition,

such Non-U.S. Lender shall deliver such forms within 20 days after receipt of a written request therefor from Agent, the assigning Lender or Lender granting a participation, as applicable. Notwithstanding any other provision of this Section 2.07, a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 2.07(d) that such Non-U.S. Lender is not legally able to deliver.

(e) The Loan Parties shall not be required to indemnify any Non-U.S. Lender, or pay any additional amounts to any Non-U.S. Lender, in respect of United States Federal withholding tax pursuant to this Section 2.07 to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Transferee that is a participation holder, on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Non-U.S. Lender designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any Transferee, or Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or additional amounts that the Person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation, or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of clause (d) above.

(f) Any Lender or Agent (or Transferee) claiming any indemnity payment or additional payment amounts payable pursuant to this Section 2.07 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by Borrowers or to designate as its applicable lending office an office in a different jurisdiction if the making of such a filing or change in such a designation would avoid the need for or reduce the amount of any such indemnity payment or additional amount that may thereafter accrue, would not require such Lender or Agent (or Transferee) to disclose any information such Lender or Agent (or Transferee) deems confidential and would not, in the sole determination of such Lender or Agent (or Transferee), be otherwise disadvantageous to such Lender or Agent (or Transferee).

(g) The obligations of the Loan Parties under this Section 2.07 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.08 Increased Costs; Illegality or Impropriety.

(a) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation of application thereof, shall at any time after the date hereof, in the reasonable opinion of Agent or any Lender, make it unlawful or impractical for Agent or such Lender to determine or charge interest rates at the LIBOR Rate, Agent or such Lender shall give notice of such changed circumstances to Borrowers (and in the case of a Lender, Agent), and Agent promptly shall transmit the notice to each other Lender and interest upon the Loans of Agent or such Lender thereafter shall accrue

interest at a rate determined by reference to the most comparable index to LIBOR, as determined by Agent in its reasonable discretion.

(b) No Match Funding Requirement. Anything to the contrary contained herein notwithstanding, neither Agent nor any Lender, nor any of their participants, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate.

Section 2.09 Financing any Deferred Redemption Amount. In the event that a Deferred Redemption Amount arises as the result of the exercise of the Holder Election by one or both Lenders, Borrowers shall be permitted to add the Deferred Redemption Amount to the outstanding principal balance of the Loan (at which time such amount shall commence to accrue interest hereunder) and shall be required to repay such Deferred Redemption Amount over a period of one year from the date of the Holder Election, in four (4) equal quarterly installments of principal. The Deferred Redemption Amount shall accrue interest and shall continue to be secured by Agent's senior lien on all of the Collateral (or, if the Loan has been repaid, by the granting of a new senior lien on all of the Collateral). The foregoing notwithstanding, at any time when the only Obligation owing to Lenders is the payment of the Deferred Redemption Amount, Lenders and Agent agree that they will subordinate their lien to the lien of a new senior lender subject to the requirements that (i) in no event shall the lien in favor of Agent for the benefit of Lenders ever be lower than second in priority, (ii) the cost of capital of the new senior loan shall not be greater than the cost of capital of the Loan, and (iii) the leverage ratio of Parent, on a consolidated basis after giving effect to the funding of the new senior loan, shall not be greater than the leverage ratio of Parent, on a consolidated basis, on the Effective Date after giving effect to the funding of the Loan and of the Subordinated Indebtedness, and the closing of the transactions associated therewith.

### **ARTICLE III**

#### **TERM; TERMINATION**

Section 3.01 Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect for a term ending on the Final Maturity Date. The foregoing notwithstanding, Agent and Lenders shall have the right to terminate their obligations under this Agreement in accordance with ARTICLE IX.

Section 3.02 Effect of Termination. On the date of termination of this Agreement, all Obligations immediately shall become due and payable without notice or demand. No termination of this Agreement, however, shall relieve or discharge any of the Loan Parties of their duties, Obligations, or covenants hereunder and Agent's Liens in the Collateral shall remain in effect until all Obligations have been fully and finally discharged and the obligations of Agent and Lenders to provide additional credit hereunder (if any) have been terminated. When this Agreement has been terminated and (i) all of the Obligations have been fully and finally discharged, (ii) the obligations of Agent and Lenders (if any) to provide additional credit under the Loan Documents have been terminated irrevocably, and (iii) the Loan Parties have delivered to Agent a written release of all claims against Agent and Lenders, in form and substance satisfactory to Agent, Agent will, at Borrowers' sole expense, execute and deliver any UCC termination statements, lien releases, mortgage releases, re-assignments of intellectual property,

discharges of security interests, and other similar discharge or termination documents (and, if applicable, in recordable form) as are necessary or advisable to terminate, of record, Agent's Liens and all notices of security interests and liens previously filed by Agent with respect to the Obligations.

Section 3.03 Early Termination by Borrower. Borrowers have the option, at any time upon 30 days' prior written notice by Borrowers to Agent, to terminate this Agreement by paying to Agent in cash, the Obligations (including, without limitation, any Applicable Prepayment Premium payable pursuant to Section 2.06), in full. If Borrowers have sent a notice of termination pursuant to the provisions of this Section 3.03, then the obligations (if any) of Agent and Lenders to provide further credit hereunder shall terminate and Borrowers shall be obligated to repay the Obligations (including, without limitation, any Applicable Prepayment Premium payable pursuant to Section 2.06), in full, on the date set forth as the date of termination of this Agreement in such notice.

#### **ARTICLE IV**

#### **FEES, PAYMENTS AND OTHER COMPENSATION**

Section 4.01 Audit and Collateral Monitoring Fees. Borrowers acknowledge that pursuant to Section 7.01(f), representatives of Agent may visit any or all of the Loan Parties and/or conduct audits, inspections, appraisals, valuations and/or field examinations of any or all of the Loan Parties or the Collateral at any time and from time to time in a manner so as to not unduly disrupt the business of the Loan Parties. Each Borrower agrees to pay \$1,250 per day per examiner, auditor or appraiser, as the case may be (regardless of whether such person is an employee of Agent or any Lender or is a third-party contractor or other representative), including the time spent writing up the results of such audit, inspection, etc., whether or not spent at any Borrower's offices, plus the out-of-pocket costs and expenses incurred in connection with all such visits, audits, inspections, appraisals, valuations and field examinations. Provided that no Event of Default then exists, Lenders and Agent agree that the following limitations shall apply to the rights of Agent pursuant to this Section 4.01: (i) Borrowers shall be given not less than 30 days prior written notice of the timing of any proposed Audit; (ii) Audits shall be conducted not more frequently than two times per year; and (iii) the total annual cost which Borrowers shall be obligated to bear during the course of any Fiscal Year with respect to Audits, irrespective of the number of auditors and other personnel used, shall not exceed \$20,000. The foregoing notwithstanding, at any time when an Event of Default does exist, Agent shall be entitled to conduct Audits as frequently as Agent deems prudent, without the requirement for prior notice to Borrowers, and Borrowers shall be responsible for the full cost and expenses incurred by Agent in conducting such Audits.

Section 4.02 Payments; Computations and Statements.

(a) Borrowers will make each payment under this Agreement not later than 12:00 noon (Pacific time) on the day when due, in lawful money of the United States of America and in immediately available funds, to such accounts on behalf of each Lender as Agent shall, from time to time, designate. All payments received by Agent or any individual Lender after 12:00 noon (Pacific time) on any Business Day will be credited to the applicable loan account maintained by such Person on the next succeeding Business Day. All payments shall be made by

Borrowers without set-off, counterclaim, deduction or other defense to Agent and Lenders. After receipt, Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal ratably to Lenders in accordance with their Pro Rata Shares and like funds relating to the payment of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement, provided that Agent will cause to be distributed all interest and fees received from or for the account of Borrowers not less than once each month and in any event promptly after receipt thereof. Lenders and Borrowers hereby authorize Agent to, and Agent may, from time to time, charge the Loan Account of Borrowers with any amount due and payable by Borrowers under any Loan Document. Each of Lenders and Borrowers agree that Agent shall have the right to make such charges whether or not any Default or Event of Default shall have occurred and be continuing. Any amount charged to the Loan Account of Borrowers shall be part of the Obligations of Borrowers to Lender. Lenders and Borrowers confirm that any charges which Agent may so make to the Loan Account of Borrowers as herein provided will be made as an accommodation to Borrowers and solely at Agent's discretion. Whenever any payment to be made under any Loan Document comes due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest or fees, as the case may be. All computations of fees shall be made by Agent on the basis of a year of 360 days and charged for the actual number of days elapsed in the period for which such fees are payable. Each determination by Agent of an interest rate or fees hereunder shall be conclusive and binding for all purposes in the absence of manifest error.

(b) Agent shall provide Borrowers, upon request, a summary statement (in the form from time to time used by Agent) of the amounts and dates of all payments on account of the Loans during the preceding 12 months, the amount of interest accrued on the Loans to Borrowers during such period, and the amount and nature of any charges to the Loan Account made during such period on account of fees, commissions, expenses and other Obligations. All entries on any such statement shall be presumed to be correct and, 30 days after the same is sent, shall be final and conclusive absent manifest error.

Section 4.03 Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Obligation in excess of its ratable share of payments on account of similar obligations obtained by all Lenders, such Lender shall automatically be deemed to have purchased from the other Lenders a participating interest in such similar obligations held by them as shall cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay (if actually received by it) to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid by the purchasing Lender in respect of the total amount so recovered. Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Section 4.03 may, to the fullest extent permitted by law, exercise all of its rights (including Lender's right of set-off) with respect to such participation, as fully as if such Lender were the direct creditor of Borrowers in the amount of such participation.

Section 4.04 Apportionment of Payments.

(a) All payments of principal and interest in respect of outstanding Loans, all payments of fees (other than the fees set forth in Section 2.06 hereof and the audit and collateral monitoring fee provided for in Section 4.01) and all other payments in respect of any other Obligations, shall be allocated by Agent among such of Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein or, in respect of payments not made on account of Loans, as designated by the Person making payment when the payment is made.

(b) After the occurrence and during the continuance of an Event of Default, Agent may, and upon the direction of Lenders shall, apply all payments in respect of any Obligations and all proceeds of the Collateral, subject to the provisions of this Agreement, (i) first, ratably to pay the Obligations in respect of any fees, expense reimbursements, indemnities and other amounts then due to Agent until paid in full; (ii) second, ratably to pay the Obligations in respect of any fees and indemnities then due to Lenders until paid in full (other than any Applicable Prepayment Premium); (iii) third, ratably to pay interest due in respect of the Loan until paid in full; (iv) fourth, ratably to pay principal of the Loan until paid in full, (v) fifth, ratably to pay the Obligations in respect of any Applicable Prepayment Premium then due and payable to Lenders until paid in full, and (vi) sixth, to the ratable payment of all other Obligations then due and payable.

(c) In each instance, so long as no Event of Default has occurred and is continuing, Section 4.04(b) shall not be deemed to apply to any payment by Borrowers specified by Borrowers to Agent to be for the payment of Obligations then due and payable under any provision of this Agreement or the prepayment of all or part of the principal of the Loan in accordance with the terms and conditions of Section 2.05.

(d) For purposes of Section 4.04(b), "paid in full" with respect to interest shall include interest accrued after the commencement of any Insolvency Proceeding at the Post-Default Rate irrespective of whether a claim for such interest is allowable or allowed in such Insolvency Proceeding.

(e) In the event of a direct conflict between the priority provisions of this Section 4.04 and other provisions contained in any other Loan Document, it is the intention of the parties hereto that both such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 4.04 shall control and govern.

**ARTICLE V**  
**CONDITIONS TO LOANS**

Section 5.01 Conditions Precedent to Effectiveness. This Agreement shall become effective as of the Business Day when each of the following conditions precedent shall have been satisfied in a manner satisfactory to Agent:

(a) Payment of Fees, Etc. Borrowers shall have paid on or before the date of this Agreement all fees, costs, expenses and taxes then payable pursuant to Section 2.06 and, to the extent such fees and expenses are associated with the negotiation, preparation, execution, delivery and closing of this Agreement and the other Loan Documents, pursuant to Section 12.04.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct: (i) the representations and warranties contained in ARTICLE VI and in each other Loan Document, certificate or other writing delivered to Agent or any Lender pursuant hereto or thereto on or prior to the Effective Date are true and correct on and as of the Effective Date as though made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date, and (ii) no Default or Event of Default shall have occurred and be continuing on the Effective Date or would result from this Agreement or the other Loan Documents becoming effective in accordance with its or their respective terms.

(c) Legality. The making of the Loan shall not contravene any law, rule or regulation applicable to Agent or any Lender.

(d) Delivery of Documents. Agent shall have received on or before the Effective Date the following, each in form and substance satisfactory to Agent and, unless indicated otherwise, dated the Effective Date:

(i) a Guaranty or a Joinder Agreement, duly executed by each Guarantor;

(ii) a Pledge and Security Agreement, duly executed by each of the Loan Parties, together with the original stock certificates representing all of the Capital Stock of each of the Subsidiaries of such Loan Party and all intercompany promissory notes of such Loan Party or any of its Affiliates, accompanied by undated stock powers executed in blank and other proper instruments of transfer, in each case creating a valid and perfected first priority Lien on all of the assets encumbered thereby, subject only to Permitted Liens;

(iii) a UCC Filing Authorization Letter, duly executed by each Borrower and each of the other Loan Parties, together with appropriate financing statements on Form UCC-1 duly filed in such office or offices as may be necessary or, in the opinion of Agent, desirable to perfect the security interests purported to be created by the Loan Documents;



- (iv) certified copies of request for copies of information on Form UCC-11, listing all effective financing statements which name as debtor each Borrower, any other Loan Party or any of their Subsidiaries, and which are filed in the offices referred to in paragraph (v) above, together with copies of such financing statements, none of which, except as otherwise agreed in writing by Agent, shall cover any of the Collateral, and the results of searches (x) for any tax Lien and judgment Lien filed against such Person or its property, and (y) disclosing any pending litigation or bankruptcy proceedings with respect to which any Borrower, any other Loan Party or any of their Subsidiaries is a party, which search results, except as otherwise agreed to in writing by Agent, shall not show any such Liens, litigation or proceedings;
- (v) a copy of the resolutions of each Borrower and each other Loan Party, certified as of the Effective Date by an Authorized Officer thereof, authorizing (A) the borrowings hereunder and the transactions contemplated by the Loan Documents to which any Borrower or such Loan Party is or will be a party, and (B) the execution, delivery and performance by each Borrower and each such Loan Party of each Loan Document to which any Borrower or any such Loan Party is or will be a party and the execution and delivery of the other documents to be delivered by any Borrower or any such Loan Party in connection herewith and therewith;
- (vi) a certificate of an Authorized Officer of each Borrower and of each other Loan Party, certifying the names and true signatures of the representatives of each Borrower and each such Loan Party authorized to sign each Loan Document to which any Borrower or any such Loan Party is or will be a party and the other documents to be executed and delivered by any Borrower or any such Loan Party in connection herewith and therewith, together with evidence of the incumbency of such authorized officers;
- (vii) a certificate of the appropriate official(s) of the jurisdiction of organization and each jurisdiction of foreign qualification of each Borrower and each other Loan Party certifying as to the subsistence in good standing of, and the payment of taxes by, each Borrower and each other Loan Party in such jurisdiction;
- (viii) a true and complete copy of the charter of each Borrower and of each other Loan Party certified as of a recent date not more than 30 days prior to the Effective Date by an appropriate official of the jurisdiction of organization of such Borrower or any such Loan Party which shall set forth the same complete name of such Borrower or any such Loan Party as is set forth herein and the organizational number of such Borrower and of each other Loan Party, if an organizational number is issued in such jurisdiction;
- (ix) a copy of the charter and by-laws of each Borrower and of each other Loan Party, together with all amendments thereto, certified as of the Effective Date by an Authorized Officer of the applicable Borrower or Loan Party;
- (x) an opinion of counsel to Borrowers and to each of the other Loan Parties as to such matters as Agent may reasonably request;

- (xi) a certificate of an Authorized Officer of each Borrower and of each other Loan Party, certifying as to the matters set forth in subsection (b) of this Section 5.01;
- (xii) a copy of (A) the Financial Statements, (B) the financial projections described in Section 6.01(g)(ii) hereof, and (C) the pro forma consolidated unaudited balance sheet described in Section 6.01(g)(iii) hereof, in the case of each of clauses (B) and (C), certified as of the Effective Date as true and correct by an Authorized Officer of Parent and of each Borrower;
- (xiii) a certificate of the chief financial officer of Parent certifying that each of the Enversa Segment and the Woodland Segment, considered as a separate Person, is Solvent, which certificate shall be satisfactory in form and substance to Agent;
- (xiv) evidence of the insurance coverage required by Section 7.01 and the terms of the other Loan Documents and such other insurance coverage with respect to the business and operations of each Borrower and of each other Loan Party as Agent may reasonably request, together with evidence of the payment of all premiums due in respect thereof for such period as Agent may require, in each case, where requested by Agent, with such endorsements as to the named insureds or loss payees thereunder as Agent may request and providing that such policy may be terminated or canceled (by the insurer or the insured thereunder) only upon 30 days' prior written notice to Agent and each such named insured or loss payee;
- (xv) a certificate of an Authorized Officer of each Borrower, certifying the names and true signatures of the persons that are authorized to provide notices under this Agreement and the other Loan Documents;
- (xvi) copies of all Material Contracts as in effect on the Effective Date, certified as true and correct copies thereof by an Authorized Officer of the applicable Borrower, together with a certificate of an Authorized Officer of the applicable Borrower stating that such agreements remain in full force and effect and that none of the Loan Parties has breached or defaulted in any of its obligations under such agreements;
- (xvii) to the extent any Loan Party owns real property, a Mortgage encumbering such real property, together with a policy of title insurance insuring the first priority lien of any such Mortgage, and those other items that would be required to be delivered to Agent for the benefit of Lenders if such real property were After Acquired Property pursuant to Section 7.01(o);
- (xviii) the Subordination Agreements;
- (xix) the Warrant Agreement; and
- (xx) such other agreements, instruments, approvals, opinions and other documents, each in form and substance satisfactory to Agent, as Agent may reasonably request.

(e) Approvals. All consents, authorizations and approvals of, and filings and registrations with, and all other actions in respect of, any Governmental Authority or other Person required in connection with the making of the Loans or the conduct of any Borrower's or any other Loan Party' s business shall have been obtained and shall be in full force and effect.

(f) Proceedings; Receipt of Documents. All proceedings in connection with the making of the Loans and the other transactions contemplated by this Agreement and the other Loan Documents, and all documents incidental hereto and thereto, shall be satisfactory to Agent and its counsel, and Agent and such counsel shall have received all such information and such counterpart originals or certified or other copies of such documents as Agent or such counsel may reasonably request.

(g) Management Reference Checks. Agent shall have received satisfactory reference checks for, and shall have had an opportunity to meet with, key management of Borrowers and of the other Loan Parties.

(h) Due Diligence. Agent shall have completed its business, legal and collateral due diligence with respect to each Borrower and each of the other Loan Parties, the Material Contracts, and such other items as Agent or any Lender shall require, and the results thereof shall be acceptable to Agent, in its sole and absolute discretion.

(i) Subordinated Indebtedness. Agent shall have reviewed and approved all terms and conditions of the documentation evidencing the Subordinated Indebtedness.

(j) No Material Adverse Effect. Agent shall have determined, in its sole judgment, that no event or development shall have occurred which could have a Material Adverse Effect.

Section 5.02 Conditions Subsequent to Effectiveness. As an accommodation to the Loan Parties, Agent and Lenders have agreed to execute this Agreement and to fund the Loan on the Effective Date notwithstanding the failure by the Loan Parties to satisfy the conditions set forth below on or before the Effective Date. In consideration of such accommodation, the Loan Parties agree that, in addition to all other terms, conditions and provisions set forth in this Agreement and the other Loan Documents, including, without limitation, those conditions set forth in Section 5.01, the Loan Parties shall satisfy each of the conditions subsequent set forth below on or before the date applicable thereto, it being understood that the failure by the Loan Parties to perform or cause to be performed any such condition subsequent on or before the date applicable thereto shall constitute an Event of Default:

(a) within 90 days after the Effective Date, Agent shall have received a landlord waiver, in form and substance satisfactory to Agent, executed by the landlord with respect to the premises leased by the Loan Parties and located at 11301 Preston Road, Suite 100, Dallas, Texas 75240; and

(b) within 30 days after the Effective Date, Agent shall have received (i) the information required by Sections 5.01(d)(vii), 5.01(d)(viii) and 5.01(d)(ix) for each of the Dormant Companies, and (ii) the results of UCC searches as to each Dormant Company reflecting (x) the filing of UCC-1 Financing Statements in favor of Agent in first priority

position and (y) the absence of any other liens or filings, and each of the Dormant Companies shall have executed and delivered a Joinder Agreement to Agent and shall have taken such other steps as would be required by a new Subsidiary to comply with Section 7.01(b) hereof; provided, however, that Parent can elect, in lieu of having any individual Dormant Company satisfy the foregoing requirements, to cause such Dormant Company to be dissolved (and to provide evidence of such dissolution to Agent within a reasonable period thereafter).

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES

Section 6.01 Representations and Warranties. Each Loan Party hereby represents and warrants to Agent and Lenders as follows:

(a) Organization, Good Standing, Etc. Each Loan Party (i) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and, in the case of each Borrower, to make the borrowings hereunder, and to execute and deliver each Loan Document to which it is a party, and to consummate the transactions contemplated thereby, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary.

(b) Authorization, Etc. The execution, delivery and performance by each Loan Party of each Loan Document to which it is or will be a party, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene its charter or by-laws, its limited liability company or operating agreement or its certificate of partnership or partnership agreement, as applicable, or any applicable law or any contractual restriction binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties.

(c) Governmental Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by any Loan Party of any Loan Document to which it is or will be a party.

(d) Enforceability of Loan Documents. This Agreement is, and each other Loan Document to which any Loan Party is or will be a party, when delivered hereunder, will be, a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws.

(e) Capitalization; Subsidiaries.

(i) On the Effective Date, after giving effect to the transactions contemplated hereby to occur on the Effective Date, the authorized Capital Stock of each Borrower and the issued and outstanding Capital Stock of each Borrower are as set forth on Schedule 6.01(e). All of the issued and outstanding shares of Capital Stock of each Borrower have been validly issued and are fully paid and nonassessable, and the holders thereof are not entitled to any preemptive, first refusal or other similar rights. Except as described on Schedule 6.01(e), as of the Effective Date, there are no outstanding debt or equity securities of any Borrower or any of their Subsidiaries and no outstanding obligations of any Borrower or any of their Subsidiaries convertible into or exchangeable for, or warrants, options or other rights for the purchase or acquisition from any Borrower, or other obligations of any Borrower to issue, directly or indirectly, any shares of Capital Stock of any Borrower.

(ii) Schedule 6.01(e) is a complete and correct description of the name, jurisdiction of incorporation and ownership of the outstanding Capital Stock of each of the Loan Parties other than Borrowers and of each of their Subsidiaries in existence on the date hereof. All of the issued and outstanding shares of Capital Stock of such Subsidiaries have been validly issued and are fully paid and nonassessable, and the holders thereof are not entitled to any preemptive, first refusal or other similar rights. Except as indicated on such Schedule, all such Capital Stock is owned by Parent or one or more of its wholly-owned Subsidiaries, free and clear of all Liens. Except as set forth on Schedule 6.01(e), there are no outstanding debt or equity securities of Parent or any of its Subsidiaries and no outstanding obligations of Parent or any of its Subsidiaries convertible into or exchangeable for, or warrants, options or other rights for the purchase or acquisition from Parent or any of its Subsidiaries, or other obligations of any Subsidiary to issue, directly or indirectly, any shares of Capital Stock of any Subsidiary of Parent.

(f) Litigation; Commercial Tort Claims. Except as set forth in Schedule 6.01(f), (i) there is no pending or, to the best knowledge of any Loan Party, threatened action, suit or proceeding affecting any Loan Party before any court or other Governmental Authority or any arbitrator that (A) if adversely determined, could have a Material Adverse Effect or (B) relates to this Agreement or any other Loan Document or any transaction contemplated hereby or thereby and (ii) as of the Effective Date, none of the Loan Parties holds any commercial tort claims in respect of which a claim has been filed in a court of law or a written notice by an attorney has been given to a potential defendant.

(g) Financial Condition.

(i) Since January 31, 2011 no event or development has occurred that has had or could have a Material Adverse Effect.

(ii) Borrowers have heretofore furnished to Agent and each Lender projected monthly balance sheets, income statements and statements of cash flows of Parent and its Subsidiaries for the period from April 30, 2011, through April 30, 2015,

which projected financial statements shall be updated from time to time pursuant to Section 7.01(a)(vi). Such projections, as so updated, shall be believed by Parent and each Borrower at the time furnished to be reasonable, shall have been prepared on a reasonable basis and in good faith by Parent and each Borrower, and shall have been based on assumptions believed by Parent and each Borrower to be reasonable at the time made and upon the best information then reasonably available to Parent and each Borrower. Neither Parent nor any Borrower is or shall be aware of any facts or information that would lead it to believe that such projections, as so updated, are incorrect or misleading in any material respect. Agent and Lenders acknowledge that projected financial statements and forward-looking statements reflect management's current expectations as to future performance and are inherently uncertain. The actual results experienced may differ significantly from management's expectations.

(iii) The pro forma consolidated unaudited balance sheet of Parent and its Subsidiaries as of January 31, 2011, after giving effect to the transactions contemplated by the Loan Documents, certified by the chief financial officer of Parent, a copy of which has been furnished to Agent and each Lender, fairly presents in all material respects the pro forma financial condition of Parent and each Borrower and their Subsidiaries as at such date. Such pro forma consolidated balance sheet is believed by Parent and each Borrower to be reasonable, and has been prepared on a reasonable basis and in good faith by Parent and each Borrower. Neither Parent nor any Borrower is aware of any facts or information that would lead it to believe that such pro forma consolidated balance sheet is incorrect or misleading in any material respect. Agent and Lenders acknowledge that projected financial statements and forward-looking statements reflect management's current expectations as to future performance and are inherently uncertain. The actual results experienced may differ significantly from management's expectations.

(h) Compliance with Law, Etc. Except as set forth on Schedule 6.01(h), no Loan Party is in violation of its organizational documents, any law, rule, regulation, judgment or order of any Governmental Authority applicable to it or any of its property or assets, or any material term of any agreement or instrument (including, without limitation, any Material Contract) binding on or otherwise affecting it or any of its properties, and no Default or Event of Default has occurred and is continuing.

(i) ERISA. Neither any Loan Party nor any of its ERISA Affiliates contributes to, sponsors, maintains or has an obligation to contribute to or maintain any defined benefit pension plan, or has at any time prior to the date hereof established, sponsored, maintained or been a party to any defined benefit pension plan, or has at any time prior to the date hereof contributed or been obligated to contribute to or maintain any defined benefit pension plan. Except as required by Section 4980B of the Internal Revenue Code, no Loan Party or any of its ERISA Affiliates maintains an employee welfare benefit plan (as defined in Section 3(1) of ERISA) which provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of any Loan Party or any of its ERISA Affiliates or coverage after a participant's termination of employment.

(j) Taxes, Etc. All Federal, state and local tax returns and other reports required by applicable law to be filed by any Loan Party have been filed, or extensions have been obtained, and all taxes, assessments and other governmental charges imposed upon any Loan Party or any property of any Loan Party and which have become due and payable on or prior to the date hereof have been paid, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof on the Financial Statements in accordance with GAAP.

(k) Regulations T, U and X. No Loan Party is or will be engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X), and no proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(l) Nature of Business. As of the Effective Date, none of the Loan Parties is engaged in any business other than, as to Ranger, providing short code application services to the wireless telephone industry, as to Woodland Holdings and its other Subsidiaries, co-location and communication services, and as to Enversa and its Subsidiaries, engaging in direct response marketing activities, on both a wholesale and retail basis, working with advertising clients, providing search engine optimization services, and businesses ancillary or related thereto. Parent and Borrowers represent and warrant that none of the Dormant Companies owns any property or assets, conducts any active business operations, or has granted any Liens in favor of any other Person (and no filings against any of the Dormant Companies exist that would imply any such Liens), and Parent and Borrowers shall cause the foregoing statements to remain true and correct until the Dormant Companies have all fully complied with Section 5.02(b). In the event any of the Dormant Companies are intended to begin to conduct active operations, Borrowers shall notify Agent not less than 15 days prior to the commencement of such operations.

(m) Adverse Agreements, Etc. No Loan Party is a party to any agreement or instrument, or subject to any charter, limited liability company agreement, partnership agreement or other corporate, partnership or limited liability company restriction or any judgment, order, regulation, ruling or other requirement of a court or other Governmental Authority, which has, or in the future could have, a Material Adverse Effect.

(n) Permits, Etc. Each Loan Party has, and is in compliance with, all permits, licenses, authorizations, approvals, entitlements and accreditations required for such Person lawfully to own, lease, manage or operate, or to acquire, each business currently owned, leased, managed or operated, or to be acquired, by such Person. No condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such permit, license, authorization, approval, entitlement or accreditation, and there is no claim that any thereof is not in full force and effect. Neither the execution and delivery of this Agreement nor the performance by the Loan Parties of their obligations under this Agreement and the other Loan Documents do or will constitute or result in a default under or violation of any such permit, license, authorization, approval, entitlement or accreditation.

(o) Properties.

(i) Each Loan Party has good and marketable title to, valid leasehold interests in, or valid licenses to use, all property and assets material to its business, free and clear of all Liens, except Permitted Liens. All such properties and assets are in good working order and condition, ordinary wear and tear excepted.

(i) Schedule 6.01(o)(ii) sets forth a complete and accurate list, as of the Effective Date, of the location, by state and street address, of all real property owned or leased by each Loan Party. As of the Effective Date, each Loan Party has valid leasehold interests in the Leases described on Schedule 6.01(o)(ii) to which it is a party. Schedule 6.01(o)(ii) sets forth with respect to each such Lease, the commencement date, termination date, renewal options (if any) and annual base rents. Each such Lease is valid and enforceable in accordance with its terms in all material respects and is in full force and effect. No consent or approval of any landlord or other third party in connection with any such Lease is necessary for any Loan Party to enter into and execute the Loan Documents to which it is a party, except as set forth on Schedule 6.01(o)(ii). To the best knowledge of any Loan Party: (x) no other party to any such Lease is in default of its obligations thereunder; (y) no Loan Party (or any other party to any such Lease) has at any time delivered or received any notice of default which remains uncured under any such Lease; and (z) as of the Effective Date, no event has occurred which, with the giving of notice or the passage of time or both, would constitute a default under any such Lease.

(p) Full Disclosure. None of the reports, financial statements, certificates or other information (including all information contained in the Schedules hereto or in the other Loan Documents) furnished by or on behalf of any Loan Party to Agent in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole and in the light of the circumstances under which they were made, not misleading in any material respect; provided that, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time prepared. Agent and Lenders acknowledge that projected financial statements and forward-looking statements reflect management's current expectations as to future performance and are inherently uncertain. The actual results experienced may differ significantly from management's expectations.

(q) Operating Lease Obligations. On the Effective Date, none of the Loan Parties has any Operating Lease Obligations other than the Operating Lease Obligations set forth on Schedule 6.01(q).

(r) Environmental Matters. Except as set forth on Schedule 6.01(r), (i) the operations of each Loan Party are in compliance with all Environmental Laws in all material respects; (ii) there has been no Release at any of the properties owned or operated by any Loan Party or a predecessor in interest, or at any disposal or treatment facility which received Hazardous Materials generated by any Loan Party or any predecessor in interest which could have a Material Adverse Effect; (iii) no Environmental Action has been asserted against



any Loan Party or any predecessor in interest nor does any Loan Party have knowledge or notice of any threatened or pending Environmental Action against any Loan Party or any predecessor in interest which could have a Material Adverse Effect; (iv) no Environmental Actions have been asserted against any facilities that may have received Hazardous Materials generated by any Loan Party or any predecessor in interest which could have a Material Adverse Effect; (v) no property now or formerly owned or operated by a Loan Party has been used as a treatment or disposal site for any Hazardous Material; (vi) no Loan Party has failed to report to the proper Governmental Authority any Release which is required to be so reported by any Environmental Laws which could have a Material Adverse Effect; (vii) each Loan Party holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of the business carried on by it, except for such licenses, permits and approvals as to which a Loan Party's failure to maintain or comply with could not have a Material Adverse Effect; and (viii) no Loan Party has received any notification pursuant to any Environmental Laws that (A) any work, repairs, construction or Capital Expenditures are required to be made in respect as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto or (B) any license, permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated, in each case, except as could not have a Material Adverse Effect. If any of the licenses, permits or approvals held by any Loan Party and required under any Environmental Laws are scheduled to expire by their terms within the next 24 months, all such items, together with their scheduled expiration date, are set forth in Schedule 6.01(r).

(s) Insurance. Schedule 6.01(s) sets forth a list of all insurance maintained by each Loan Party on the Effective Date.

(t) Use of Proceeds. The proceeds of the Loan shall be used to (a) settle the Litigation upon the terms set forth in the Approved Settlement, (b) pay fees and expenses in connection with the transactions contemplated hereby and (c) fund working capital of Borrowers.

(u) Solvency. Both before and after giving effect to the transactions contemplated by this Agreement and before and after giving effect to the funding of the full amount of the Loan, each Loan Party is, and the Loan Parties on a consolidated basis are, Solvent.

(v) Location of Bank Accounts. Schedule 6.01(v) sets forth a complete and accurate list as of the Effective Date of all deposit, checking and other bank accounts, all securities and other accounts maintained with any broker dealer and all other similar accounts maintained by each Loan Party, together with a description thereof (*i.e.*, the bank or broker dealer at which such deposit or other account is maintained and the account number and the purpose thereof).

(w) Intellectual Property. Except as set forth on Schedule 6.01(w), each Loan Party owns or licenses or otherwise has the right to use all licenses, permits, patents, patent applications, trademarks, trademark applications, service marks, tradenames, copyrights, copyright applications, franchises, authorizations, non-governmental licenses and permits, websites, domain names, URLs and other intellectual property rights that are necessary for the

operation of its individual business, without infringement upon or conflict with the rights of any other Person with respect thereto, except for such infringements and conflicts which, individually or in the aggregate, could not have a Material Adverse Effect. Set forth on Schedule 6.01(w) is a complete and accurate list as of the Effective Date of all such material licenses, permits, patents, patent applications, trademarks, trademark applications, service marks, tradenames, copyrights, copyright applications, franchises, authorizations, non-governmental licenses and permits, websites, domain names, URLs and other intellectual property rights of each Loan Party. No slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, or the operation of its business, by any Loan Party infringes upon or conflicts with any rights owned by any other Person, and no claim or litigation regarding any of the foregoing is pending or threatened, except for such infringements and conflicts which could not have, individually or in the aggregate, a Material Adverse Effect. To the best knowledge of each Loan Party, no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or proposed, which, individually or in the aggregate, could have a Material Adverse Effect.

(x) Material Contracts. Set forth on Schedule 6.01(x) is a complete and accurate list as of the Effective Date of all Material Contracts of each Loan Party, showing the parties and subject matter thereof and amendments and modifications thereto. Each such Material Contract (i) is in full force and effect and is binding upon and enforceable against each Loan Party that is a party thereto and, to the best knowledge of such Loan Party, all other parties thereto in accordance with its terms, (ii) has not been otherwise amended or modified, and (iii) is not in default due to the action of any Loan Party or, to the best knowledge of any Loan Party, any other party thereto.

(y) Investment Company Act. None of the Loan Parties is an "investment company" or an "affiliated person" or "promoter" of, or "principal underwriter" of or for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

(z) Employee and Labor Matters. There is (i) no unfair labor practice complaint pending or, to the best knowledge of any Loan Party, threatened against any Loan Party before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against any Loan Party which arises out of or under any collective bargaining agreement, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened against any Loan Party or (iii) to the best knowledge of any Loan Party, no union representation question existing with respect to the employees of any Loan Party and no union organizing activity taking place with respect to any of the employees of any Loan Party. No Loan Party or any of its ERISA Affiliates has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act ("WARN") or similar state law, which remains unpaid or unsatisfied. The hours worked and payments made to employees of any Loan Party have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements. All material payments due from any Loan Party on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of such Loan Party.

(aa) Customers and Suppliers. There exists no actual or threatened termination, cancellation or limitation of, or modification to or change in, the business relationship between (i) any Loan Party, on the one hand, and any customer or any group thereof, on the other hand, whose agreements with any Loan Party are individually or in the aggregate material to the business or operations of such Loan Party, or (ii) any Loan Party, on the one hand, and any supplier or any group thereof, on the other hand, whose agreements with any Loan Party are individually or in the aggregate material to the business or operations of such Loan Party; and there exists no present state of facts or circumstances that could give rise to or result in any such termination, cancellation, limitation, modification or change.

(bb) No Bankruptcy Filing. No Loan Party is contemplating either an Insolvency Proceeding or the liquidation of all or a major portion of such Loan Party's assets or property, and no Loan Party has any knowledge of any Person contemplating an Insolvency Proceeding against it.

(cc) Separate Existence.

(i) All customary formalities regarding the corporate (or limited liability company or limited partnership, as applicable) existence of each Loan Party have been at all times since its formation, and will continue to be, observed.

(ii) Each Loan Party has at all times since its formation accurately maintained, and will continue to accurately maintain, its financial statements, accounting records and other organizational documents separate from those of any Affiliate of such Loan Party and any other Person. No Loan Party has at any time since its formation commingled, and will not commingle, its assets with those of any of its Affiliates or any other Person. Each Loan Party has at all times since its formation accurately maintained, and will continue to accurately maintain, its own bank accounts and separate books of account. Agent and Lenders understand that Parent, Woodland Holdings and Woodland Wireless are holding companies who, by definition, have no revenues of their own. Accordingly, the liabilities of these entities, while separately maintained, are funded from the operations of the other Loan Parties.

(iii) Each Loan Party has at all times since its formation paid, and will continue to pay, its own liabilities from its own separate assets, subject to the same qualification as is set forth in the last two sentences of the preceding subsection (ii).

(iv) Each Loan Party has at all times since its formation identified itself, and will continue to identify itself, in all dealings with the public under its own name and as a separate and distinct Person. No Loan Party has at any time since its formation identified itself, or will identify itself, as being a division or a part of any other Person.

(dd) Name; Jurisdiction of Organization; Organizational ID Number; Chief Place of Business; Chief Executive Office; FEIN. Schedule 6.01(dd) sets forth a complete and accurate list as of the date hereof of (i) the exact legal name of each Loan Party, (ii) the jurisdiction of organization of each Loan Party, (iii) the organizational identification number of

each Loan Party (or indicates that such Loan Party has no organizational identification number), (iv) each place of business of each Loan Party, (v) the chief executive office of each Loan Party and (vi) the federal employer identification number of each Loan Party.

(ee) Tradenames. Schedule 6.01(ee) hereto sets forth a complete and accurate list as of the Effective Date of all tradenames, business names or similar appellations used by each Loan Party or any of its divisions or other business units during the past five years.

(ff) Locations of Collateral. There is no location at which any Loan Party has any Collateral other than (i) those locations listed on Schedule 6.01(ff) and (ii) any other locations approved in writing by Agent from time to time. Schedule 6.01(ff) hereto contains a true, correct and complete list, as of the Effective Date, of the legal names and addresses of each location at which Collateral of each Loan Party is stored. None of the receipts received by any Loan Party from any warehouse states that the goods covered thereby are to be delivered to bearer or to the order of a named Person or to a named Person and such named Person's assigns.

(gg) Security Interests. Each Pledge and Security Agreement creates in favor of Agent, for the benefit of Lenders, a legal, valid and enforceable security interest in the Collateral secured thereby. Upon execution and delivery by the Loan Parties of the Pledge and Security Agreements and the filing of the UCC-1 financing statements described in Section 5.01(d)(iii), the security interests in and Liens on the Collateral granted pursuant to the Pledge and Security Agreements and described in such UCC-1 financing statements shall be perfected, first priority security interests (subject to Permitted Liens), to the extent that such Collateral consists of the type of property in which a security interest may be created under Article 9 of the Uniform Commercial Code and which security interest may be perfected by the filing of a UCC-1 financing statement, and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interests in and Liens on such Collateral, other than the filing of continuation statements in accordance with applicable law.

(hh) Anti-Terrorism Laws.

(i) Neither any Loan Party nor any Affiliate of any Loan Party is in violation of any Anti-Terrorism Law or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. Neither any Loan Party nor any Affiliate (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person or (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224.

(ii) Neither any Loan Party nor any Affiliate of any Loan Party, or to any Loan Party's knowledge, any of their respective agents acting or benefiting in any capacity in connection with the making of the Loans or the other transactions hereunder, is any of the following (each a "Blocked Person"): (A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (B) a Person

owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (C) a Person with which Agent or any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224; (E) a Person that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; or (F) a Person who is affiliated with a Person listed above.

(ii) Subordinated Indebtedness. Borrowers have delivered to Agent complete and correct copies of all documents and instruments evidencing the Subordinated Indebtedness, which set forth the entire agreement and understanding of the parties thereto relating to the subject matter thereof, and there are no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby. The documents evidencing the Subordinated Indebtedness (i) are in full force and effect and are the legal, valid and binding obligation of the applicable Borrower and, to the best knowledge of the applicable Borrower, each other Person party thereto, enforceable against the applicable Borrower and, to the best knowledge of the applicable Borrower, each other Person party thereto in accordance with their terms and (ii) are not in default due to the action of any Borrower or, to the best knowledge of the applicable Borrower, any other Person party thereto.

(jj) Schedules. All of the information which is required to be scheduled to this Agreement is set forth on the Schedules attached hereto, is correct and accurate and does not omit to state any information material thereto.

(kk) Representations and Warranties in Documents; No Default. All representations and warranties set forth in this Agreement and the other Loan Documents are true and correct in all respects at the time as of which such representations were made and on the Effective Date. No Event of Default has occurred and is continuing and no condition exists which constitutes a Default or an Event of Default.

## **ARTICLE VII COVENANTS OF THE LOAN PARTIES**

Section 7.01 Affirmative Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due) shall remain unpaid (other than indemnity obligations as to which no claim has been made), each Loan Party will, unless Agent shall otherwise consent in writing:

(a) Reporting Requirements. Furnish to Agent and each Lender:

(i) as soon as available and in any event within 50 days after the end of each fiscal quarter of Parent and its Subsidiaries commencing with the first fiscal quarter of Parent and its Subsidiaries ending after the Effective Date, consolidated and consolidating balance sheets, consolidated and consolidating statements of operations, and consolidated statements of cash flows and of retained earnings of Parent and its

Subsidiaries as at the end of such quarter, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such quarter, setting forth in each case (x) consolidating statements showing the above information for each of the Enversa Segment and the Woodland Segment separately and the eliminating entries made with respect thereto, and (y) in comparative form the figures for the corresponding date or period set forth in (A) the financial statements for the immediately preceding Fiscal Year and (B) the projections delivered pursuant to clause (vii) of this Section 7.01(a), also showing the information required by this clause (y) for each of the Enversa Segment and the Woodland Segment separately, all of the foregoing in reasonable detail and certified by an Authorized Officer of Parent as fairly presenting, in all material respects, the financial position of Parent and its Subsidiaries as of the end of such quarter and the results of operations and cash flows of Parent and its Subsidiaries for such quarter, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of Parent and its Subsidiaries furnished to Agent and Lenders, subject to the absence of footnotes and normal year-end adjustments, and (z) including the certification of an Authorized Officer of Parent that each of the Dormant Companies continues to have no assets, and to conduct no active business operations;

(ii) as soon as available, and in any event within 90 days after the end of each Fiscal Year of Parent and its Subsidiaries, consolidated and consolidating balance sheets, consolidated and consolidating statements of operations, and consolidated statements of cash flows and of retained earnings of Parent and its Subsidiaries as at the end of such Fiscal Year, setting forth in each case (x) consolidating statements showing the above information for each of the Enversa Segment and the Woodland Segment separately and the eliminating entries made with respect thereto, and (y) in comparative form the figures for the corresponding date or period set forth in (A) the financial statements for the immediately preceding Fiscal Year and (B) the projections delivered pursuant to clause (vii) of this Section 7.01(a), also showing the information required by this clause (y) for each of the Enversa Segment and the Woodland Segment separately, all in reasonable detail and prepared in accordance with GAAP, and accompanied by a report and an unqualified opinion, prepared in accordance with generally accepted auditing standards, of independent certified public accountants of recognized standing selected by Parent and satisfactory to Agent (which opinion shall be without (A) a "going concern" or like qualification or exception, (B) any qualification or exception as to the scope of such audit, or (C) any qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of Section 7.03), together with a written statement of such accountants (1) to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of an Event of Default or a Default and (2) if such accountants shall have obtained any knowledge of the existence of an Event of Default or such Default, describing the nature thereof;

(iii) as soon as available, and in any event within 30 days after the end of each fiscal month of Parent and its Subsidiaries commencing with the first fiscal month of Parent and its Subsidiaries ending after the Effective Date, monthly trial

balances in the form prepared by Parent for the prior fiscal month and the year-to-date period then ended, showing separately the results for the Enversa Segment and the Woodland Segment, and calculating Woodland EBITDA as of the end of such month.

(iv) simultaneously with the delivery of the financial statements of Parent and its Subsidiaries required by clauses (i) and (ii) of this Section 7.01(a), a certificate of an Authorized Officer of Parent and each Borrower (A) stating that such Authorized Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of Parent and its Subsidiaries during the period covered by such financial statements with a view to determining whether Parent and each Borrower and their Subsidiaries were in compliance with all of the provisions of this Agreement and such Loan Documents at the times such compliance is required hereby and thereby, and that such review has not disclosed, and such Authorized Officer has no knowledge of, the existence during such period of an Event of Default or Default or, if an Event of Default or Default existed, describing the nature and period of existence thereof and the action which Parent and each Borrower and their Subsidiaries propose to take or have taken with respect thereto and (B) attaching a schedule showing the calculation of the financial covenants specified in Section 7.03;

(v) as soon as available and in any event within 30 days after the end of each fiscal quarter of Parent and its Subsidiaries commencing with the first fiscal quarter of Parent and its Subsidiaries ending after the Effective Date (in form and detail satisfactory to Agent and certified by an Authorized Officer of Parent and of each Borrower as being accurate and complete), a report with respect to all accounts payable of Parent and its Subsidiaries and each of the Woodland Segment and the Enversa Segment separately as of the end of such fiscal quarter, which shall include the amount and age (beyond invoice date) of each such account payable, showing separately those which are more than 30, 60, 90 and 120 days beyond invoice date, the name and mailing address of each account creditor and such other information as Agent may request;

(vi) as soon as available and in any event not later than the last day of each Fiscal Year, financial projections, supplementing and superseding the financial projections referred to in Section 6.01(g)(ii), set forth on a monthly basis and otherwise in form and substance satisfactory to Agent, for the immediately succeeding Fiscal Year for Parent and its Subsidiaries, and projecting separately the operating results for each of the Enversa Segment and the Woodland Segment, all such financial projections to be reasonable, to be prepared on a reasonable basis and in good faith, to be based on assumptions believed by Parent and each Borrower to be reasonable at the time made and from the best information then available to Parent and each Borrower, and otherwise to be subject to the qualifications concerning projections and forward-looking financial information set forth in Section 6.01(g);

(vii) promptly after submission to any Governmental Authority, all documents and information furnished to such Governmental Authority in connection with any investigation of any Loan Party other than routine inquiries by such Governmental Authority (for the avoidance of doubt, regularly recurring reports filed with the Federal

Communications Commission or with other Governmental Authorities regulating the telecommunications industry, as well as regularly recurring tax returns and reports filed with various Governmental Authorities, are not required to be furnished to Agent pursuant to this subsection);

(viii) as soon as possible, and in any event within 3 days after the occurrence of an Event of Default or Default or the occurrence of any event or development that could have a Material Adverse Effect, the written statement of an Authorized Officer of Parent and of each Borrower setting forth the details of such Event of Default or Default or other event or development having a Material Adverse Effect and the action which the affected Loan Party proposes to take with respect thereto;

(ix) promptly after the commencement thereof but in any event not later than 5 days after service of process with respect thereto on, or the obtaining of knowledge thereof by, any Loan Party, notice of each action, suit or proceeding before any court or other Governmental Authority or other regulatory body or any arbitrator against any Loan party;

(x) as soon as possible and in any event within 5 days after execution, receipt or delivery thereof, copies of any material notices that any Loan Party executes or receives in connection with any Material Contract;

(xi) as soon as possible and in any event within 5 days after execution, receipt or delivery thereof, copies of any material notices or other communications that any Loan Party executes, receives or delivers in connection with the sale or other Disposition of the Capital Stock of, or all or substantially all of the assets of, any Loan Party;

(xii) as soon as possible and in any event within 5 days after the delivery thereof to any Loan Party's Board of Directors, copies of any monthly board reports so delivered;

(xiii) promptly after the sending or filing thereof, copies of all statements, reports and other information any Loan Party sends to any holders of its Indebtedness or its securities or files with the SEC or any national (domestic or foreign) securities exchange;

(xiv) promptly upon receipt thereof, copies of all financial reports (including, without limitation, management letters), if any, submitted to any Loan Party by its auditors in connection with any annual or interim audit of the books thereof; and

(xv) promptly upon request, such other information concerning the condition or operations, financial or otherwise, of any Loan Party as Agent may from time to time may reasonably request.



(b) Additional Guaranties and Collateral Security. Cause:

(i) each Subsidiary of any Loan Party not in existence on the Effective Date, to execute and deliver to Agent promptly, and in any event within a reasonable period of time in the exercise of ordinary diligence after the formation or acquisition thereof, (A) a Joinder Agreement, pursuant to which such Subsidiary shall be made a party to this Agreement as a Guarantor, (B) a supplement to the Pledge and Security Agreement in the form of Exhibit C thereto, together with (x) certificates evidencing all of the Capital Stock of any Person owned by such Subsidiary, (y) undated stock powers executed in blank with signature guaranteed, and (z) such opinion of counsel and such approving certificate of such Subsidiary as Agent may reasonably request in respect of complying with any legend on any such certificate or any other matter relating to such shares, (C) one or more Mortgages creating on the real property of such Subsidiary a perfected, first priority Lien (subject to Permitted Liens) on such real property, a Title Insurance Policy covering such real property, a current ALTA survey thereof and a surveyor's certificate, each in form and substance satisfactory to Agent, together with such other agreements, instruments and documents as Agent may require whether comparable to the documents required under Section 7.01(o) or otherwise, and (D) such other agreements, instruments, approvals, legal opinions or other documents reasonably requested by Agent in order to create, perfect, establish the first priority of, or otherwise protect any Lien purported to be covered by the Pledge and Security Agreement or any Mortgage or otherwise to effect the intent that such Subsidiary shall become bound by all of the terms, covenants and agreements contained in the Loan Documents and that all property and assets of such Subsidiary shall become Collateral for the Obligations. Upon the formation of any such Subsidiary after the Effective Date, the Loan Parties shall notify Agent within 15 days following formation, and shall thereafter diligently prosecute delivery of the foregoing documents and other items until all such matters have been completed to Agent's satisfaction; and

(ii) each owner of the Capital Stock of any such Subsidiary to execute and deliver promptly, and in any event within the period required to complete the matters set forth in Section 7.01(b)(i) above after the formation or acquisition of such Subsidiary, a Pledge Amendment in the form of Exhibit A to the Pledge and Security Agreement, together with (A) certificates evidencing all of the Capital Stock of such Subsidiary, (B) undated stock powers or other appropriate instruments of assignment executed in blank with signature guaranteed, (C) such opinion of counsel and such approving certificate of such Subsidiary as Agent may reasonably request in respect of complying with any legend on any such certificate or any other matter relating to such shares and (D) such other agreements, instruments, approvals, legal opinions or other documents requested by Agent.

(c) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations, orders (including, without limitation, all Environmental Laws), judgments and awards (including any settlement of any claim that, if breached, could give rise to any of the foregoing), such compliance to include, without limitation, (i) paying before the same become delinquent all taxes, assessments and governmental charges or levies imposed upon it or upon its income or

profits or upon any of its properties, and (ii) paying all lawful claims which if unpaid might become a Lien or charge upon any of its properties, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP.

(d) Preservation of Existence, Etc. Except as otherwise provided to occur in clause 15 of the Settlement Agreement, (i) maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its existence, rights and privileges, and (i) become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary.

(e) Keeping of Records and Books of Account. Keep, and cause each of its Subsidiaries to keep, adequate records and books of account, with complete entries made to permit the preparation of financial statements in accordance with GAAP.

(f) Inspection Rights. Subject to the limitations set forth in Section 4.01, permit, and cause each of its Subsidiaries to permit, Agents and representatives of Agent, from time to time during normal business hours, at the expense of Borrowers, to examine and make copies of and abstracts from its records and books of account, to visit and inspect its properties, to verify materials, leases, notes, accounts receivable, deposit accounts and its other assets, to conduct audits, physical counts, valuations, appraisals, Phase I Environmental Site Assessments (and, if requested by Agent based upon the results of any such Phase I Environmental Site Assessment, a Phase II Environmental Site Assessment) or examinations and to discuss its affairs, finances and accounts with any of its directors, Authorized Officers of Parent, independent accountants or its legal representatives. In furtherance of the foregoing, each Loan Party hereby authorizes its independent accountants, and the independent accountants of each of its Subsidiaries, to discuss the affairs, finances and accounts of such Person (independently or together with representatives of such Person) with Agents and representatives of Agent in accordance with this Section 7.01(f).

(g) Maintenance of Properties, Etc. Except as otherwise provided to occur in clause 15 of the Settlement Agreement, maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply, and cause each of its Subsidiaries to comply, at all times with the provisions of all leases to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder.

(h) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations with respect to its properties (including all real properties leased or owned by it) and business (including, without limitation, comprehensive general liability, fire, hazard, rent and business interruption insurance, workmen's compensation insurance, public liability insurance, and insurance against larceny, embezzlement and other criminal misappropriation), in such amounts and covering such risks as is required by any Governmental Authority having

jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and in any event in amount, adequacy and scope reasonably satisfactory to Agent.

All policies covering the Collateral are to be made payable to Agent for the benefit of Lenders, as its interests may appear, in case of loss, under a standard non-contributory "lender" or "secured party" clause and are to contain such other provisions as Agent may require to fully protect Lenders' interest in the Collateral and to any payments to be made under such policies. All certificates of insurance are to be delivered to Agent and the policies are to be premium prepaid, with the loss payable and additional insured endorsement in favor of Agent and such other Persons as Agent may designate from time to time, and shall provide for not less than 30 days' prior written notice to Agent of the exercise of any right of cancellation. If any Loan Party or any of its Subsidiaries fails to maintain such insurance, Agent may arrange for such insurance, but at Borrowers' expense and without any responsibility on Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Upon the occurrence and during the continuance of an Event of Default, Agent shall have the sole right, in the name of Lenders, any Loan Party and its Subsidiaries, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(i) Obtaining of Permits, Etc. Obtain, maintain and preserve, and cause each of its Subsidiaries to obtain, maintain and preserve, and take all necessary action to timely renew, all permits, licenses, authorizations, approvals, entitlements and accreditations which are necessary or useful in the proper conduct of its business.

(j) Environmental. (i) Keep any property either owned or operated by it or any of its Subsidiaries free of any Environmental Liens; (ii) comply, and cause each of its Subsidiaries to comply, in all material respects with Environmental Laws and provide to Agent any documentation of such compliance which Agent may reasonably request; (iii) provide Agent written notice within 5 days of any Release of a Hazardous Material in excess of any reportable quantity from or onto property at any time owned or operated by it or any of its Subsidiaries and take any Remedial Actions required to abate said Release; (iv) provide Agent with written notice within 10 days of the receipt of any of the following: (A) notice that an Environmental Lien has been filed against any property of any Loan Party or any of its Subsidiaries; (B) commencement of any Environmental Action or notice that an Environmental Action will be filed against any Loan Party or any of its Subsidiaries; and (C) notice of a violation, citation or other administrative order which could have a Material Adverse Effect and (v) defend, indemnify and hold harmless Agent and Lenders and their transferees, and their respective employees, agents, officers and directors for, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses (including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses) arising out of (A) the generation, presence, disposal, Release or threatened Release of any Hazardous Materials on, under, in, originating or emanating from any property at any time owned or operated by any Loan Party or any of its Subsidiaries (or its predecessors in interest or title), (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to the presence or Release of such Hazardous Materials, (C) any request

for information, investigation, lawsuit brought or threatened, settlement reached or order by a Governmental Authority relating to the presence or Release of such Hazardous Materials, (D) any violation of any Environmental Law pertaining to any Loan Party and/or (E) any Environmental Action filed against Agent or any Lender.

(k) Further Assurances. Take such action and execute, acknowledge and deliver, and cause each of its Subsidiaries to take such action and execute, acknowledge and deliver, at its sole cost and expense, such agreements, instruments or other documents as Agent may require from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Loan Documents, (ii) to subject to valid and perfected first priority Liens any of the Collateral or any other property of any Loan Party and its Subsidiaries, subject to Permitted Liens, (iii) to establish and maintain the validity and effectiveness of any of the Loan Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer and confirm unto Agent and each Lender the rights now or hereafter intended to be granted to it under this Agreement or any other Loan Document. To further assure the exercise of the rights granted above, to the maximum extent permitted by applicable law, each Loan Party (i) authorizes Agent to execute any such agreements, instruments or other documents in such Loan Party's name and to file such agreements, instruments or other documents in any appropriate filing office, (ii) authorizes Agent to file any appropriate financing statement, and any continuation statement or amendment with respect thereto, and (iii) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed prior to the date hereof.

(l) Change in Collateral; Collateral Records. (i) Give Agent not less than 30 days' prior written notice of any change in (x) the jurisdiction of formation of any Loan Party or (y) the location of any Collateral, other than to locations set forth on Schedule 6.01(ff) and with respect to which Agent has filed financing statements and otherwise fully perfected its Liens thereon, (ii) advise Agent promptly, in sufficient detail, of any material adverse change relating to the type, quantity or quality of the Collateral or the Lien granted thereon and (iii) execute and deliver, and cause each of its Subsidiaries to execute and deliver, to Agent for the benefit of Lenders from time to time, solely for Agent's convenience in maintaining a record of Collateral, such written statements and schedules as Agent may reasonably require, designating, identifying or describing the Collateral.

(m) Landlord Waivers; Collateral Access Agreements. At any time any Collateral is located on any real property (whether such real property is now existing or acquired after the Effective Date) which is not owned by a Loan Party, the applicable Loan Party owning such Collateral will use commercially reasonable efforts to obtain written subordinations or waivers, in form and substance satisfactory to Agent, of all present and future Liens to which the owner or lessor of such premises may be entitled to assert against the Collateral (it being understood and agreed that in the event the Loan Parties are unable to obtain any such written subordination or waiver from the owner or lessor of such location Agent may, in its reasonable discretion, establish such reserves against the disbursement of the Loan as it deems necessary with respect to such location).

(n) Subordination. Cause all Indebtedness and other obligations now or hereafter owed by it to any Person other than Lenders to be subordinated in right of payment

and security to the Indebtedness and other Obligations owing to Agent and Lenders, in accordance with a subordination agreement in form and substance satisfactory to Agent, except as otherwise permitted by Agent.

(o) After Acquired Real Property. Upon the acquisition by it or any of its Subsidiaries after the date hereof of any interest (whether fee or leasehold) in any real property (wherever located) (each such interest being an "After Acquired Property") (x) with a Current Value (as defined below) in excess of \$100,000 in the case of a fee interest, or (y) requiring the payment of annual rent exceeding in the aggregate \$36,000 in the case of leasehold interest, immediately so notify Agent, setting forth with specificity a description of the interest acquired, the location of the real property, any structures or improvements thereon and either an appraisal or such Loan Party's good-faith estimate of the current value of such real property (for purposes of this Section, the "Current Value"). Agent shall notify such Loan Party whether it intends to require a Mortgage and the other documents referred to below or in the case of leasehold, a leasehold Mortgage or landlord's waiver (pursuant to Section 7.01(m) hereof). Upon receipt of such notice requesting a Mortgage, the Person which has acquired such After Acquired Property shall immediately furnish to Agent the following, each in form and substance satisfactory to Agent: (i) a Mortgage in favor of Agent with respect to such real property and related assets located at the After Acquired Property, each duly executed by such Person and in recordable form; (ii) evidence of the recording of the Mortgage referred to in clause (i) above in such office or offices as may be necessary or, in the opinion of Agent, desirable to create and perfect a valid and enforceable first priority lien on the property purported to be covered thereby or to otherwise protect the rights of Agent and Lenders thereunder, (iii) a Title Insurance Policy, (iv) a survey of such real property, certified to Agent and to the issuer of the Title Insurance Policy by a licensed professional surveyor reasonably satisfactory to Agent, (v) Phase I Environmental Site Assessments with respect to such real property, certified to Agent by a company reasonably satisfactory to Agent, (vi) in the case of a leasehold interest, a certified copy of the lease between the landlord and such Person with respect to such real property in which such Person has a leasehold interest, and the certificate of occupancy with respect thereto, (vii) in the case of a leasehold interest, an attornment and nondisturbance agreement between the landlord (and any fee mortgagee) with respect to such real property and such Person, and (viii) such other documents or instruments (including guarantees and opinions of counsel) as Agent may reasonably require. Borrowers shall pay all fees and expenses, including reasonable attorneys' fees and expenses, and all title insurance charges and premiums, in connection with each Loan Party's obligations under this Section 7.01(o).

(p) Fiscal Year. Cause the Fiscal Year of Parent and its Subsidiaries to end on April 30th of each calendar year unless Agent consents to a change in such Fiscal Year (and appropriate related changes to this Agreement).

(q) XO Agreement. Ranger shall make all payments arising under the XO Agreement promptly when due, and in every event prior to delinquency, and shall take such other steps as are necessary to keep the XO Agreement in full force and effect at all times.

Section 7.02 Negative Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due) shall remain unpaid (other than indemnity

obligations as to which no claim has been made), each Loan Party shall not do any of the following, unless Agent shall otherwise consent in writing:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired; file or suffer to exist under the Uniform Commercial Code or any similar law or statute of any jurisdiction, a financing statement (or the equivalent thereof) that names it or any of its Subsidiaries as debtor; sign or suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement (or the equivalent thereof); sell any of its property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable) with recourse to it or any of its Subsidiaries or assign or otherwise transfer, or permit any of its Subsidiaries to assign or otherwise transfer, any account or other right to receive income; other than, as to all of the above, Permitted Liens.

(b) Indebtedness. Create, incur, assume, guarantee or suffer to exist, or otherwise become or remain liable with respect to, or permit any of its Subsidiaries to create, incur, assume, guarantee or suffer to exist or otherwise become or remain liable with respect to, any Indebtedness other than Permitted Indebtedness.

(c) Fundamental Changes; Dispositions. Except as otherwise provided to occur in clause 15 of the Settlement Agreement, wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, or convey, sell, lease or sublease, transfer or otherwise dispose of, whether in one transaction or a series of related transactions, all or any part of its business, property or assets, whether now owned or hereafter acquired (or agree to do any of the foregoing), or purchase or otherwise acquire, whether in one transaction or a series of related transactions, all or substantially all of the assets of any Person (or any division thereof) (or agree to do any of the foregoing), or permit any of its Subsidiaries to do any of the foregoing; provided, however, that

(i) any wholly-owned Subsidiary of any Loan Party (other than either Borrower) may be merged into such Loan Party or another wholly-owned Subsidiary of such Loan Party, or may consolidate with another wholly-owned Subsidiary of such Loan Party, so long as (A) no other provision of this Agreement would be violated thereby, (B) such Loan Party gives Agent at least 60 days' prior written notice of such merger or consolidation, (C) no Default or Event of Default shall have occurred and be continuing either before or after giving effect to such transaction, (D) Lenders' rights in any Collateral, including, without limitation, the existence, perfection and priority of any Lien thereon, are not adversely affected by such merger or consolidation and (E) the surviving Subsidiary, if any, is joined as a Loan Party hereunder pursuant to a Joinder Agreement and is a party to, and the Capital Stock of such Subsidiary is the subject of, a Pledge and Security Agreement, in each case, which is in full force and effect on the date of and immediately after giving effect to such merger or consolidation; and

(ii) any Loan Party and its Subsidiaries may (A) dispose of obsolete or worn-out equipment in the ordinary course of business, and (B) sell or otherwise dispose of other property or assets for cash in an aggregate amount not less than the fair market

value of such property or assets, provided that the Net Cash Proceeds of such Dispositions (x) do not exceed \$50,000 in the aggregate in any Fiscal Year and (y) are paid to Agent for the benefit of Lenders to the extent required by the terms of Section 2.05(b)(iii).

(d) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any fundamental change in the nature of its business as described in Section 6.01(l).

(e) Loans, Advances, Investments, Etc. Make or commit or agree to make any loan, advance, guarantee of obligations, other extension of credit or capital contributions to, or hold or invest in or commit or agree to hold or invest in, or purchase or otherwise acquire or commit or agree to purchase or otherwise acquire any shares of the Capital Stock, bonds, notes, debentures or other securities of, or make or commit or agree to make any other investment in, any other Person, or purchase or own any futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or permit any of its Subsidiaries to do any of the foregoing. The foregoing notwithstanding, each of the Loan Parties shall be permitted to make loans or advances to any other Loan Party, as long as the Loan Party receiving any such loan or advance is party to the Pledge and Security Agreement.

(f) Lease Obligations. Create, incur or suffer to exist, or permit any of its Subsidiaries to create, incur or suffer to exist, any obligations as lessee (i) for the payment of rent for any real or personal property in connection with any sale and leaseback transaction, or (ii) for the payment of rent for any real or personal property under leases or agreements to lease other than (A) Capitalized Lease Obligations which would not cause the aggregate amount of all obligations under Capitalized Leases entered into after the Effective Date owing by all Loan Parties and their Subsidiaries in any Fiscal Year to exceed the amounts set forth in Section 7.03(a), and (B) Operating Lease Obligations which would not cause the aggregate amount of all Operating Lease Obligations owing by all Loan Parties and their Subsidiaries in any Fiscal Year to exceed \$500,000.

(g) Limitation on Issuance of Capital Stock. Issue or sell or enter into any agreement or arrangement for the issuance and sale of, or permit any of its Subsidiaries to issue or sell or enter into any agreement or arrangement for the issuance and sale of, any shares of its Capital Stock, any securities convertible into or exchangeable for its Capital Stock or any warrants; except with respect to the issuance of Capital Stock in any Subsidiary of any Loan Party to be formed after the Effective Date, and subject to compliance by the applicable Loan Party with the requirements of Section 2.05(b)(vi) and Section 7.01(b) hereof.

(h) Restricted Payments. (i) Declare or pay any dividend or other distribution, direct or indirect, on account of any Capital Stock of any Loan Party or any of their Subsidiaries, now or hereafter outstanding, (ii) except as provided in the Settlement Agreement, make any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Capital Stock of any Loan Party or any direct or indirect parent of any Loan Party, now or hereafter outstanding, (iii) except as provided in the Settlement Agreement, make any payment to retire, or to obtain the surrender of,

any outstanding warrants, options or other rights for the purchase or acquisition of shares of any class of Capital Stock of any Loan Party, now or hereafter outstanding, (iv) except as anticipated in connection with the closing of the Loan and the transactions related thereto, return any Capital Stock to any shareholders or other equity holders of any Loan Party or any of their Subsidiaries, or make any other distribution of property, assets, shares of Capital Stock, warrants, rights, options, obligations or securities thereto as such, except with respect to the customary issuance of stock options pursuant to Parent's two existing stock option plans, (v) pay any management fees or any other fees or expenses (including the reimbursement thereof by any Loan Party or any of their Subsidiaries) pursuant to any management, consulting or other services agreement to any of the shareholders or other equityholders of any Loan Party or any of its Subsidiaries or other Affiliates, or to any other Subsidiaries or Affiliates of any Loan Party, or (vi) pay or accrue any salary, cash compensation, bonus compensation, severance compensation, business related expense, or other amount due to any Guarantor's Affiliates in its or their capacity as an employee, officer or director of any Loan Party or any of its Subsidiaries or other Affiliates; provided, however, (A) any Subsidiary of a Borrower may pay dividends to that Borrower, (B) the Loan Parties other than Parent shall be permitted to pay dividends or make distributions to Parent, during any Fiscal Year, in an aggregate amount of up to, but not greater than, the amount necessary to permit Parent to have sufficient funds to pay the amounts described in the following clause (C), and (C) Parent shall be permitted, in any Fiscal Year, to incur and pay selling, general and administrative expenses (excluding stock-based compensation not exceeding \$150,000 in any Fiscal Year) in an amount not to exceed \$1,800,000, and to pay certain scheduled payments of principal and interest on the Subordinated Indebtedness, to the extent permitted by the Subordination Agreement.

(i) Federal Reserve Regulations. Permit any Loan or the proceeds of any Loan under this Agreement to be used for any purpose that would cause such Loan to be a margin loan under the provisions of Regulation T, U or X of the Board.

(j) Transactions with Affiliates. Enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, and (ii) transactions with another Loan Party.

(k) Limitations on Dividends and Other Payment Restrictions Affecting Subsidiaries. Create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of any Loan Party (i) to pay dividends or to make any other distribution on any shares of Capital Stock of such Subsidiary owned by any Loan Party or any of its Subsidiaries, (ii) to pay or prepay or to subordinate any Indebtedness owed to any Loan Party or any of its Subsidiaries, (iii) to make loans or advances to any Loan Party or any of its Subsidiaries or (iv) to transfer any of its property or assets to any Loan Party or any of its Subsidiaries, or permit



any of its Subsidiaries to do any of the foregoing; provided, however, that nothing in any of clauses (i) through (iv) of this Section 7.02(k) shall prohibit or restrict compliance with:

(A) this Agreement and the other Loan Documents;

(B) any applicable law, rule or regulation (including, without limitation, applicable currency control laws and applicable state corporate statutes restricting the payment of dividends in certain circumstances);

(C) in the case of clause (iv) any agreement setting forth customary restrictions on the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract of similar property or assets; or

(D) in the case of clause (iv) any agreement, instrument or other document evidencing a Permitted Lien from restricting on customary terms the transfer of any property or assets subject thereto.

(l) Modifications of Indebtedness, Organizational Documents and Certain Other Agreements; Etc.

(i) Amend, modify or otherwise change (or permit the amendment, modification or other change in any manner of) any of the provisions of any of its or its Subsidiaries' Indebtedness or of any instrument or agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating to any such Indebtedness if such amendment, modification or change would shorten the final maturity or average life to maturity of, or require any payment to be made earlier than the date originally scheduled on, such Indebtedness, would increase the interest rate applicable to such Indebtedness, would change the subordination provision, if any, of such Indebtedness in any adverse manner, or would otherwise be (A) adverse to Lenders or (B) materially beneficial to the issuer of such Indebtedness in any respect;

(ii) Except for the Obligations, (A) make any voluntary or optional payment, prepayment, redemption, defeasance, sinking fund payment or other acquisition or repurchase for value of any of its or its Subsidiaries' Indebtedness (including, without limitation, by way of depositing money or securities with the trustee therefor before the date required for the purpose of paying any portion of such Indebtedness when due, or as a result of any asset sale, change of control, issuance and sale of debt or equity securities or similar event), or (B) refund, refinance, replace or exchange any other Indebtedness for any such Indebtedness (except to the extent such Indebtedness is otherwise expressly permitted by the definition of "Permitted Indebtedness"), or give any notice with respect to any of the foregoing;

(iii) Make any payment, prepayment, redemption, defeasance, sinking fund payment or repurchase of any Subordinated Indebtedness in violation of the subordination provisions thereof or any subordination agreement with respect thereto; provided, however, that if (A) a Super Liquidity Condition would exist after giving effect to a proposed prepayment of all or part of the Subordinated Indebtedness; and (B) Lenders have been offered a prepayment of the Loan (it being agreed by Lenders that

they would only be entitled to require a prepayment of the Loan at a time when a Super Liquidity Condition would exist after giving effect to such prepayment if Lenders waive the Applicable Prepayment Premium in connection therewith), and Lenders have declined to take any such prepayment, then the Loan Parties shall be permitted to prepay the Subordinated Indebtedness to such extent as would continue to preserve the Super Liquidity Condition after giving effect to such payments;

(iv) Except as permitted by Section 7.02(c), amend, modify or otherwise change its name, jurisdiction of organization, organizational identification number or FEIN; or

(v) Amend, modify or otherwise change its certificate of incorporation or bylaws (or other similar organizational documents), including, without limitation, by the filing or modification of any certificate of designation, or any agreement or arrangement entered into by it, with respect to any of its Capital Stock (including any shareholders' agreement), or enter into any new agreement with respect to any of its Capital Stock, except any such amendments, modifications or changes or any such new agreements or arrangements pursuant to this clause (v) that either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(m) Investment Company Act of 1940. Engage in any business, enter into any transaction, use any securities or take any other action or permit any of its Subsidiaries to do any of the foregoing, that would cause it or any of its Subsidiaries to become subject to the registration requirements of the Investment Company Act of 1940, as amended, by virtue of being an "investment company" or a company "controlled" by an "investment company" not entitled to an exemption within the meaning of such Act.

(n) Compromise of Receivables. Compromise or adjust any account receivable (or extend the time of payment thereof) or grant any discounts, allowances or credits or permit any of its Subsidiaries to do so other than (provided no Default or Event of Default has occurred and is continuing) in the ordinary course of its business.

(o) Properties. Permit any property to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property Agent does not have a valid and perfected first priority Lien or has not received a written subordination or waiver in accordance with Section 7.01(m).

(p) ERISA. (i) Establish, sponsor, maintain, become a party to or contribute to or become obligated to sponsor, maintain or contribute to any defined benefit pension plan (or permit any of its ERISA Affiliates to do any of the foregoing) or (ii) adopt or permit any ERISA Affiliate to adopt any employee welfare benefit plan within the meaning of Section 3(1) of ERISA which provides benefits to employees after termination of employment other than as required by Section 601 of ERISA or applicable law. At any time when any Loan Party proposes to establish, sponsor, maintain, become a party to or contribute to or become obligated to sponsor, maintain or contribute to any Plan, such Loan Party shall first provide Agent with 30 days prior written notice and an explanation of the obligations resulting from any such proposed Plan, and if Agent expresses concerns that implementation of any such Plan could

impair such Loan Party's ability to perform its Obligations hereunder or under any other Loan Document, then such Loan Party shall cooperate with Agent to take steps reasonably designed to eliminate any such possible impairment.

(q) Environmental. Permit the use, handling, generation, storage, treatment, Release or disposal of Hazardous Materials at any property owned or leased by it or any of its Subsidiaries, except in compliance with Environmental Laws and so long as such use, handling, generation, storage, treatment, Release or disposal of Hazardous Materials does not result in a Material Adverse Effect.

(r) Certain Agreements; XO Agreement. Agree to any material amendment or other material change to or material waiver of any of its rights under any other Material Contract, including without limitation the XO Agreement, that is adverse to Agent and Lenders, or permit any event or circumstances to occur or exist that would result in a breach or default by Ranger under the XO Agreement or would give the counterparty to the XO Agreement a right to terminate the XO Agreement.

(s) Anti-Terrorism Laws. Knowingly (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order No. 13224; or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order No. 13224 or the USA Patriot Act. The Loan Parties shall deliver to Agent any certification or other evidence reasonably requested from time to time by Agent in its sole discretion, confirming the Loan Parties' compliance with this Section 7.02(s).

Section 7.03 Financial Covenants. So long as any principal of or interest on the Loan or any other Obligation (whether or not due) shall remain unpaid (other than indemnity obligations as to which no claim has been made), unless Agent shall otherwise consent in writing:

(a) Capital Expenditures. Each Loan Party shall not make or commit or agree to make, or permit any of its Subsidiaries to make or commit or agree to make, any Capital Expenditure (by purchase or Capitalized Lease) that would cause the aggregate amount of all Capital Expenditures made by all Loan Parties and their Subsidiaries to exceed \$300,000 in any Fiscal Year.

(b) Total Debt Service Coverage. Parent shall maintain a minimum ratio of its Adjusted EBITDA to Total Debt Service throughout the term of the Loan (the "Total Debt Service Coverage Covenant"). The foregoing covenant shall be tested quarterly, simultaneously with the delivery of Parent's financial information required by Section 7.01(a)(i) hereof, commencing July 31, 2011. Each of the tests conducted for the periods ended July 31, 2011, October 31, 2011, and January 31, 2012 shall cover the period from May 1, 2011 through the end of the relevant quarter. Commencing with the test for the period ended April 30, 2012, and thereafter throughout the term of the Loan, the foregoing covenant shall be tested quarterly,

on a trailing 12-month basis. Parent shall maintain a minimum ratio of its Adjusted EBITDA to Total Debt Service as required by the following table for the test periods indicated:

<b><u>Test Period Ending</u></b>	<b><u>Required Coverage Ratio</u></b>
July 31, 2011	0.75:1
October 31, 2011	0.80:1
January 31, 2012	0.85:1
April 30, 2012	0.90:1
July 31, 2012	0.95:1
October 31, 2012	1.00:1
January 31, 2013	1.05:1
April 30, 2013	1.10:1
All subsequent quarters	1.10:1

In the event that, as of any given test date, Parent has failed to maintain the required total debt service coverage ratio by an amount less than \$100,000 (determined as set forth below), no Event of Default under this Section 7.03(b) shall exist until after the next quarterly test period and if, following the next quarterly test period, Parent continues to be out of compliance with the Total Debt Service Coverage Covenant, then an Event of Default shall immediately exist. If Parent is out of compliance with the Total Debt Service Coverage Covenant by an amount more than \$100,000, then such failure shall constitute an immediate Event of Default upon the first occurrence of non-compliance. The extent to which Parent is out of compliance with the Total Debt Service Coverage Covenant (*i.e.*, more or less than \$100,000) will equal the amount that would have to be subtracted from Total Debt Service (*i.e.*, the denominator in the ratio) for the period in question to bring the ratio into compliance.

**ARTICLE VIII**  
**MANAGEMENT, COLLECTION AND STATUS**  
**OF COLLATERAL**

Section 8.01 Collection of Receivables; Management of Collateral.

(a) After the occurrence and during the continuance of an Event of Default, Agent may send a notice of assignment and/or notice of Lenders' security interest to any and all obligors of any Borrower's Accounts and to any third parties holding or otherwise concerned with any of the Collateral, and following such notice Agent shall have the sole right to collect all payments with respect to the Accounts and/or take possession of the Collateral and the books and records relating thereto.

(b) Each Loan Party hereby appoints Agent or its designee on behalf of Agent as the Loan Parties' attorney-in-fact with power exercisable during the continuance of an Event of Default to endorse any Loan Party's name upon any notes, acceptances, checks,

drafts, money orders or other evidences of payment relating to the Accounts, to sign any Loan Party's name on any certificate or draft required to draw on any letter of credit issued by any Person for the benefit of any Loan Party, to sign any Loan Party's name on any drafts against the obligors with respect to the Accounts, assignments and verifications of the Accounts, and notices to Account obligors with respect to the Accounts, to send verifications of the Accounts, and to notify the Postal Service authorities to change the address for delivery of mail addressed to any Loan Party to such address as Agent may designate and to do all other acts and things necessary to carry out this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission (other than acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction), or for any error of judgment or mistake of fact or law; this power being coupled with an interest is irrevocable until the Loan and other Obligations under the Loan Documents are paid in full (other than indemnity obligations as to which no claim has been made) and all of the Loan Documents are terminated.

(c) Nothing herein contained shall be construed to constitute Agent as agent of any Loan Party for any purpose whatsoever, and Agent shall not be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof (other than from acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction). Agent shall not, under any circumstance or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Accounts or any instrument received in payment thereof or for any damage resulting therefrom (other than acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction). Agent, by anything herein or in any assignment or otherwise, does not assume any of the obligations under any contract or agreement assigned to Agent and shall not be responsible in any way for the performance by any Loan Party of any of the terms and conditions thereof.

(d) Notwithstanding any other terms set forth in the Loan Documents, the rights and remedies of Agent and Lenders herein provided, and the obligations of the Loan Parties set forth herein, are cumulative of, may be exercised singly or concurrently with, and are not exclusive of, any other rights, remedies or obligations set forth in any other Loan Document or as provided by law.

Section 8.02 Status of Receivables and Other Collateral. With respect to the Collateral of any Loan Party at the time the Collateral becomes subject to Agent's Lien, each Loan Party covenants, represents and warrants: (a) such Loan Party shall be the sole owner, free and clear of all Liens (except for the Liens granted in the favor of Agent for the benefit of Lenders and Permitted Liens), and shall be fully authorized to sell, transfer, pledge and/or grant a security interest in each and every item of said Collateral; (b) each Account shall be a good and valid receivable or other right of payment owing to such Loan Party, representing an undisputed bona fide indebtedness incurred or an amount indisputably owed by the obligor therein named, for a fixed sum as set forth in the applicable documents evidencing such Account; (c) no material portion of the Accounts shall be subject to any defense, offset, counterclaim, discount or

allowance; (d) none of the transactions underlying or giving rise to any Account shall violate any applicable state or federal laws or regulations, and all documents relating thereto shall be legally sufficient under such laws or regulations and shall be legally enforceable in accordance with their terms; (e) all agreements, instruments and other documents relating to any Account shall be true and correct and in all material respects what they purport to be; (f) all signatures and endorsements that appear on all agreements, instruments and other documents relating to any Account shall be genuine and all signatories and endorsers shall have full capacity to contract; (g) such Loan Party shall maintain books and records pertaining to said Collateral in such detail, form and scope as Agent shall reasonably require; and (h) such Loan Party will, immediately upon learning thereof, report to Agent any material loss or destruction of any of the Collateral, and any other matters affecting the value, enforceability or collectibility of any of the Collateral.

Section 8.03 Collateral Custodian. Upon the occurrence and during the continuance of any Default or Event of Default, Agent may at any time and from time to time employ and maintain on the premises of any Loan Party a custodian selected by Agent who shall have full authority to do all acts necessary to protect Agent's and Lenders' interests. Each Loan Party hereby agrees to, and to cause its Subsidiaries to, cooperate with any such custodian and to do whatever Agent may reasonably request to preserve the Collateral. All costs and expenses incurred by Agent by reason of the engagement of any such custodian shall be the responsibility of Borrowers and charged to the Loan Account.

## **ARTICLE IX EVENTS OF DEFAULT**

Section 9.01 Events of Default. If any of the following Events of Default shall occur and be continuing:

- (a) Borrowers shall fail to pay when due and payable, (i) all or any portion of the principal of or interest on the Obligations; or (ii) all or any portion of the Obligations consisting of fees, or charges due Agent or any Lender, reimbursement of expenses, or other amounts (other than any portion thereof constituting principal) constituting Obligations (including any portion thereof that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding);
- (b) any representation or warranty made or deemed made by or on behalf of any Loan Party or by any officer of the foregoing under or in connection with any Loan Document or under or in connection with any report (including financial reports), certificate, or other document delivered to Agent or any Lender pursuant to any Loan Document shall have been incorrect in any material respect when made or deemed made;
- (c) (i) any Loan Party shall fail to perform or comply with any covenant or agreement contained in Section 7.01(a), (b), (d), (f), (h), or (n), Section 7.02, Section 7.03 or Article VIII of this Agreement, or in any Pledge and Security Agreement or any Mortgage to which it is a party;

(d) any Loan Party shall fail to perform or comply with any other term, covenant or agreement contained in this Agreement or in any other Loan Document to be performed or observed by it and, except as set forth in subsections (a), (b) and (c) of this Section 9.01, such failure, if capable of being remedied, shall remain unremedied for 5 Business Days after the earlier of the date a senior officer of any Loan Party becomes aware of such failure and the date written notice of such default shall have been given by Agent to such Loan Party;

(e) any Loan Party or any of their Affiliates shall fail to pay any principal of or interest or premium on any of its Indebtedness (excluding Indebtedness constituting part of the Obligations), to the extent that the aggregate principal amount of all such Indebtedness exceeds \$100,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or any other default under any agreement or instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case, prior to the stated maturity thereof; or any Loan Party fails to pay an account creditor that is owed one of the Excluded Payables in accordance with the terms agreed with any such account creditor (except with respect to any Excluded Payables as to which the applicable statute of limitations has lapsed); or any Dormant Company shall grant a Lien on any of its assets or authorize or suffer the filing of any UCC-1 Financing Statement or other filing designating such Dormant Company as "debtor";

(f) any Loan Party or any of their Affiliates (i) shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, (ii) shall be generally not paying its debts as such debts become due, provided, however, that so long as the A/P Aging Threshold is not exceeded by the Loan Parties, the failure of any Borrower to pay its accounts payable in accordance with their stated terms shall not be deemed to be a breach of this clause (ii), but provided further, that amounts coming due under the XO Agreement shall be governed by Section 7.01(q) hereof, (iii) shall admit in writing its inability to pay its debts generally, (iv) shall make a general assignment for the benefit of creditors, or (v) shall take any action to authorize or effect any of the actions set forth above in this subsection (f);

(g) any proceeding shall be instituted against any Loan Party or any of their Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the

actions sought in such proceeding (including, without limitation, the entry of an order for relief against any such Person or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

(h) any provision of any Loan Document shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against any Loan Party intended to be a party thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by any Loan Party or any Governmental Authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or any Loan Party shall deny in writing that it has any liability or obligation purported to be created under any Loan Document;

(i) any Pledge and Security Agreement, any Mortgage or any other security document, after delivery thereof pursuant hereto, shall for any reason fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien in favor of Agent for the benefit of Lenders on any Collateral purported to be covered thereby;

(j) one or more judgments, orders or awards (or any settlement of any claim that, if breached, could result in a judgment, order or award) for the payment of money exceeding \$100,000 in the aggregate, shall be rendered against any Loan Party or any of their Affiliates and remain unsatisfied and either (A) enforcement proceedings shall have been commenced by any creditor upon any such judgment, order, award or settlement, (B) there shall be a period of 10 consecutive days after entry thereof during which a stay of enforcement of any such judgment, order, award or settlement, by reason of a pending appeal or otherwise, shall not be in effect, or (C) at any time during which a stay of enforcement of any such judgment, order, award or settlement, by reason of a pending appeal or otherwise, is in effect, such judgment, order, award or settlement is not bonded in the full amount of such judgment, order, award or settlement; provided, however, that any such judgment, order, award or settlement shall not give rise to an Event of Default under this subsection (j) if and for so long as (1) the amount of such judgment, order, award or settlement is covered by a valid and binding policy of insurance covering full payment thereof and (2) such insurer has been notified, and has not disputed (including without limitation a reservation of rights under the applicable insurance policy) the claim made for payment, of the amount of such judgment, order, award or settlement;

(k) any Loan Party or any of its Subsidiaries ceases conducting, or is otherwise enjoined, restrained or in any way prevented by the order of any court or any Governmental Authority from conducting, all or any material part of its business for more than 15 days;

(l) any material damage to, or loss, theft or destruction of, any Collateral, whether or not insured (unless business interruption insurance covers the incurred losses), or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, or any other casualty occurs which causes, for more than 15 consecutive days, the cessation or substantial curtailment of revenue producing activities at any facility of any Loan



Party or any of its Subsidiaries, if any such event or circumstance could reasonably be expected to have a Material Adverse Effect;

- (m) the loss, suspension or revocation of, or failure to renew, any license or permit now held or hereafter acquired by any Loan Party or any of their Subsidiaries, if such loss, suspension, revocation or failure to renew could reasonably be expected to have a Material Adverse Effect;
- (n) the indictment, or the threatened indictment (in writing) of any Loan Party or any of their Affiliates under any criminal statute, or commencement or threatened commencement (in writing) of criminal or civil proceedings against any such Person, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture to any Governmental Authority of any material portion of the property of such Person;
- (o) any Loan Party or its ERISA Affiliates sponsor, maintain, contribute to or are obligated to contribute to a defined benefit pension plan;
- (p) any Loan Party or any of its Subsidiaries shall be liable for any Environmental Liabilities and Costs the payment of which could reasonably be expected to have a Material Adverse Effect;
- (q) there shall occur and be continuing (i) any "Event of Default" (or any comparable term) under, and as defined in the documents evidencing or governing any Subordinated Indebtedness, (ii) any of the Obligations for any reason shall cease to be entitled to treatment as "Senior Indebtedness" (or any comparable term) under, and as defined in the documents evidencing or governing any Subordinated Indebtedness, (iii) any Indebtedness other than the Obligations shall constitute "Senior Indebtedness" (or any comparable term) under, and as defined in, the documents evidencing or governing any Subordinated Indebtedness, including any Subordination Agreement, (iv) any holder of Subordinated Indebtedness shall fail to perform or comply with any of the subordination provisions of the documents evidencing or governing such Subordinated Indebtedness, including any Subordination Agreement, or (v) the subordination provisions of the documents evidencing or governing any Subordinated Indebtedness shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of the applicable Subordinated Indebtedness;
- (r) a Change of Control shall have occurred; or
- (s) an event or development occurs which Agent determines could reasonably be expected to have a Material Adverse Effect,

then, and in any such event, Agent may, and shall at the request of Lenders, by notice to Borrowers, (i) declare all or any portion of the Loans then outstanding to be due and payable, whereupon all or such portion of the aggregate principal of the Loans, all accrued and unpaid interest thereon, all fees and all other amounts payable under this Agreement and the other Loan Documents shall become due and payable immediately, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Loan Party and (ii) exercise any and all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents; provided, however, that upon the occurrence of any Event of

Default described in subsection (f) or (g) of this Section 9.01 with respect to any Loan Party, without any notice to any Loan Party or any other Person or any act by Agent or any Lender, the Loan, together with all accrued and unpaid interest thereon, all fees and all other amounts due under this Agreement and the other Loan Documents shall become due and payable automatically and immediately, without presentment, demand, protest or notice of any kind, all of which are expressly waived by each Loan Party.

## ARTICLE X AGENT

Section 10.01 Appointment. Each Lender (and each subsequent maker of any Loan by its making thereof) hereby irrevocably appoints and authorizes Agent to perform the duties of Agent as set forth in this Agreement including: (i) to receive on behalf of each Lender any payment of principal of or interest on the Loans outstanding hereunder and all other amounts accrued hereunder for the account of Lenders and paid to Agent, and, subject to Section 2.02 of this Agreement, to distribute promptly to each Lender its Pro Rata Share of all payments so received; (ii) to distribute to each Lender copies of all material notices and agreements received by Agent and not required to be delivered to each Lender pursuant to the terms of this Agreement, provided that Agent shall not have any liability to Lenders for Agent's inadvertent failure to distribute any such notices or agreements to Lenders; (iii) to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Loans, and related matters and to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Collateral and related matters; (iv) to execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to this Agreement or any other Loan Document; (v) to make the Loans and Agent Advances, for Agent or on behalf of the applicable Lenders as provided in this Agreement or any other Loan Document; (vi) to perform, exercise, and enforce any and all other rights and remedies of Lenders with respect to the Loan Parties, the Obligations, or otherwise related to any of same to the extent reasonably incidental to the exercise by Agent of the rights and remedies specifically authorized to be exercised by Agent by the terms of this Agreement or any other Loan Document; (vii) to incur and pay such fees necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to this Agreement or any other Loan Document; and (viii) subject to Section 10.03 of this Agreement, to take such action as Agent deems appropriate on its behalf to administer the Loans and the Loan Documents and to exercise such other powers delegated to Agent by the terms hereof or the other Loan Documents (including, without limitation, the power to give or to refuse to give notices, waivers, consents, approvals and instructions and the power to make or to refuse to make determinations and calculations) together with such powers as are reasonably incidental thereto to carry out the purposes hereof and thereof. As to any matters not expressly provided for by this Agreement and the other Loan Documents (including, without limitation, enforcement or collection of the Loans), Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of Lenders, and such instructions of Lenders shall be binding upon all Lenders and all makers of Loans; provided, however, that Agent shall not be required to

take any action which, in its reasonable opinion, exposes Agent to liability or which is contrary to this Agreement or any other Loan Document or applicable law.

Section 10.02 Nature of Duties. Agent shall have no duties or responsibilities except those expressly set forth in this Agreement or in the other Loan Documents. Except to the extent that Agent has delegated authority to make decisions with respect to matters of loan administration and enforcement pursuant to this ARTICLE X and Section 12.02, the duties of Agent shall be mechanical and administrative in nature. Agent shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any other Loan Document, express or implied, is intended to or shall be construed to impose upon Agent any obligations in respect of this Agreement or any other Loan Document except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the Loan Parties in connection with the making and the continuance of the Loans hereunder and shall make its own appraisal of the creditworthiness of the Loan Parties and the value of the Collateral, and Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the initial Loan hereunder or at any time or times thereafter, provided that, upon the reasonable request of a Lender, Agent shall provide to such Lender any documents or reports delivered to Agent by the Loan Parties pursuant to the terms of this Agreement or any other Loan Document. If Agent seeks the consent or approval of Lenders to the taking or refraining from taking any action hereunder, Agent shall send notice thereof to each Lender. Agent shall promptly notify each Lender any time that Lenders have instructed Agent to act or refrain from acting pursuant hereto.

Section 10.03 Rights, Exculpation, Etc. Agent and its directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by them under or in connection with this Agreement or the other Loan Documents, except for their own gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction. Without limiting the generality of the foregoing, Agent (i) may treat the payee of any Loan as the owner thereof until Agent receives written notice of the assignment or transfer thereof, pursuant to Section 12.07 hereof, signed by such payee and in form satisfactory to Agent; (ii) may consult with legal counsel (including, without limitation, counsel to Agent, any Lender, or counsel to the Loan Parties), independent public accountants, and other experts selected by any of them and shall not be liable for any action taken or omitted to be taken in good faith by any of them in accordance with the advice of such counsel or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, certificates, warranties or representations made in or in connection with this Agreement or the other Loan Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of any Person, the existence or possible existence of any Default or Event of Default, or to inspect the Collateral or other property (including, without limitation, the books and records) of any Person; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (vi) shall not be deemed to have made any representation or warranty regarding the existence, value or collectibility of the Collateral, the

existence, priority or perfection of Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall Agent be responsible or liable to Lenders for any failure to monitor or maintain any portion of the Collateral. Agent shall not be liable for any apportionment or distribution of payments made in good faith pursuant to Section 4.04, and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount which they are determined to be entitled. Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the other Loan Documents Agent is permitted or required to take or to grant, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval under any of the Loan Documents until it shall have received such instructions from Lenders. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of Lenders.

Section 10.04 Reliance. Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the other Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by it.

Section 10.05 Indemnification. To the extent that Agent is not reimbursed and indemnified by any Loan Party, Lenders will reimburse and indemnify Agent for, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against Agent in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by Agent under this Agreement or any of the other Loan Documents, in proportion to each Lender's Pro Rata Share, including, without limitation, advances and disbursements made pursuant to Section 10.08; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements which resulted from Agent's gross negligence or willful misconduct, as determined by a final non-appealable judgment of a court of competent jurisdiction. The obligations of Lenders under this Section 10.05 shall survive the payment in full of the Loans and the termination of this Agreement.

Section 10.06 Agent Individually. With respect to its Pro Rata Share of the Loans made by it (if any), Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or maker of a Loan.

Section 10.07 Successor Agent.

(a) Agent may resign from the performance of all its functions and duties hereunder and under the other Loan Documents at any time by giving at least 30 Business Days' prior written notice to each Borrower and each Lender. Such resignation shall take effect upon

the acceptance by a successor Agent of appointment pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation, Lenders shall appoint a successor Agent. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of Agent, and Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After Agent's resignation hereunder as Agent, the provisions of this ARTICLE X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement and the other Loan Documents.

(c) If a successor Agent shall not have been so appointed within said 30 Business Day period, Agent shall then appoint a successor Agent who shall serve as Agent until such time, if any, as Lenders appoint a successor Agent as provided above.

Section 10.08 Collateral Matters.

(a) Agent may from time to time make such disbursements and advances ("Agent Advances") which Agent, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by Borrowers of the Loans and other Obligations or to pay any other amount chargeable to Borrowers pursuant to the terms of this Agreement, including, without limitation, costs, fees and expenses as described in Section 12.04. Agent Advances shall be repayable on demand and be secured by the Collateral and shall bear interest at a rate per annum equal to the highest rate then applicable to any of the Obligations hereunder. Agent Advances shall constitute Obligations hereunder which may be charged to the Loan Account in accordance with Section 4.02. Agent shall notify each Lender and Borrowers in writing of each such Agent Advance, which notice shall include a description of the purpose of such Agent Advance. Without limitation to its obligations pursuant to Section 10.05, each Lender agrees that it shall make available to Agent, upon Agent's demand, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of each such Agent Advance. If such funds are not made available to Agent by such Lender, Agent shall be entitled to recover such funds on demand from such Lender, together with interest thereon for each day from the date such payment was due until the date such amount is paid to Agent, at the Base Interest Rate.

(b) Lenders hereby irrevocably authorize Agent, at its option and in its discretion, to release any Lien granted to or held by Agent upon any Collateral upon payment and satisfaction of all Loans and all other Obligations in accordance with the terms hereof; or constituting property being sold or disposed of in the ordinary course of business or otherwise in compliance with the terms of this Agreement and the other Loan Documents; or constituting property in which the Loan Parties owned no interest at the time the Lien was granted or at any time thereafter; or if approved, authorized or ratified in writing by Lenders.

(c) Without in any manner limiting Agent's authority to act without any specific or further authorization or consent by Lenders (as set forth in Section 10.08(b)),

each Lender agrees to confirm in writing, upon request by Agent, the authority to release Collateral conferred upon Agent under Section 10.08(b). Upon receipt by Agent of confirmation from Lenders of its authority to release any particular item or types of Collateral, and upon prior written request by any Loan Party, Agent shall (and is hereby irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to Agent for the benefit of Lenders upon such Collateral; provided, however, that (i) Agent shall not be required to execute any such document on terms which, in Agent's opinion, would expose Agent to liability or create any obligations or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Lien upon (or obligations of any Loan Party in respect of) all interests in the Collateral retained by any Loan Party.

(d) Agent shall have no obligation whatsoever to any Lender to assure that the Collateral exists or is owned by the Loan Parties or is cared for, protected or insured or has been encumbered or that the Lien granted to Agent pursuant to this Agreement or any other Loan Document has been properly or sufficiently or lawfully created, perfected, protected or enforced or is entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent in this Section 10.08 or in any other Loan Document, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, Agent may act in any manner it may deem appropriate, in its sole discretion, and that Agent shall have no duty or liability whatsoever to any other Lender, except as otherwise provided herein.

Section 10.09 Agency for Perfection. Each Lender hereby appoints Agent and each other Lender as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral in assets which, in accordance with Article 9 of the Uniform Commercial Code, can be perfected only by possession or control (or where the security interest of a secured party with possession or control has priority over the security interest of another secured party), and Agent and each Lender hereby acknowledges that it holds possession of or otherwise controls any such Collateral for the benefit of Agent and Lenders as secured party. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Agent thereof and, promptly upon Agent's request therefor, shall deliver such Collateral to Agent or in accordance with Agent's instructions. In addition, Agent shall also have the power and authority hereunder to appoint such other sub-agents as may be necessary or required under applicable state law or otherwise to perform its duties and enforce its rights with respect to the Collateral and under the Loan Documents. Each Loan Party by its execution and delivery of this Agreement hereby consents to the foregoing.

## **ARTICLE XI GUARANTY**

Section 11.01 Guaranty. In order to induce Lenders to extend the Loan, and in consideration of one dollar (\$1.00) paid and received, each Guarantor hereby jointly and severally and unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of Borrowers now or hereafter existing under any Loan Document, whether for principal, interest (including, without

limitation, all interest that accrues after the commencement of any Insolvency Proceeding of any Borrower, whether or not a claim for post-filing interest is allowed in such Insolvency Proceeding), fees, commissions, expense reimbursements, indemnifications or otherwise (such obligations, to the extent not paid by Borrowers, being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including reasonable counsel fees and expenses) incurred by Agent and Lenders in enforcing any rights under the guaranty set forth in this ARTICLE XI. Agent and Lenders acknowledge that each individual signing any Joinder Agreement or any other Loan Documents are only signing in his or her representative capacity on behalf of the entity indicated, and that no such Person is guarantying the Loan in their individual capacity. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by Borrowers to Agent and Lenders under any Loan Document but for the fact that they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Borrower.

Section 11.02 Guaranty Absolute. Each Guarantor jointly and severally guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of Agent or Lenders with respect thereto. Each Guarantor agrees that this ARTICLE XI constitutes a guaranty of payment when due and not of collection and waives any right to require that any resort be made by Agent or any Lender to any Collateral. The obligations of each Guarantor under this ARTICLE XI are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce such obligations, irrespective of whether any action is brought against any Loan Party or whether any Loan Party is joined in any such action or actions. The liability of each Guarantor under this ARTICLE XI shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

- (a) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or otherwise;
- (c) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;
- (d) the existence of any claim, set-off, defense or other right that any Guarantor may have at any time against any Person, including, without limitation, Agent or any Lender;
- (e) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of any Loan Party; or

(f) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by Agent or Lenders that might otherwise constitute a defense available to, or a discharge of, any Loan Party or any other guarantor or surety.

This ARTICLE XI shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by Agent, Lenders or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

Section 11.03 Waiver. Each Guarantor hereby waives (i) promptness and diligence, (ii) notice of acceptance and any other notice with respect to any of the Guaranteed Obligations or this ARTICLE XI, and any requirement that Agent or Lenders exhaust any right or take any action against any Loan Party, any other Person or any Collateral, (iii) any right to compel or direct Agent or any Lender to seek payment or recovery of any amounts owed under this ARTICLE XI from any one particular fund or source or to exhaust any right or take any action against any other Loan Party or any other Person or any Collateral, (iv) any requirement that Agent or any Lender protect, secure, perfect or insure any security interest or Lien on any property subject thereto or exhaust any right to take any action against any Loan Party, any other Person or any Collateral, and (v) any other defense available to any Guarantor. Each Guarantor agrees that Agent and Lenders shall have no obligation to marshal any assets in favor of any Guarantor or against, or in payment of, any or all of the Obligations. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 11.03 is knowingly made in contemplation of such benefits. Each Guarantor hereby waives any right to revoke this ARTICLE XI, and acknowledges that this ARTICLE XI is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

Section 11.04 Continuing Guaranty; Assignments. This ARTICLE XI is a continuing guaranty and shall (a) remain in full force and effect until the later of the cash payment in full of the Guaranteed Obligations (other than indemnification obligations as to which no claim has been made) and all other amounts payable under this ARTICLE XI and the Final Maturity Date, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by Agent and Lenders and their successors, pledgees, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Loans) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted such Lender herein or otherwise, in each case as provided in Section 12.07.

Section 11.05 Subrogation. No Guarantor will exercise any rights that it may now or hereafter acquire against any Loan Party or any other guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this ARTICLE XI, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of Agent and Lenders against any Loan Party or any other guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without



limitation, the right to take or receive from any Loan Party or any other guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this ARTICLE XI shall have been paid in full in cash (other than indemnity obligations as to which no claim has been made) and the Final Maturity Date shall have occurred. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this ARTICLE XI (other than indemnity obligations as to which no claim has been made) and the Final Maturity Date, such amount shall be held in trust for the benefit of Agent and Lenders and shall forthwith be paid to Agent and Lenders to be credited and applied to the Guaranteed Obligations and all other amounts payable under this ARTICLE XI, whether matured or unmatured, in accordance with the terms of this Agreement, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this ARTICLE XI thereafter arising. If (i) any Guarantor shall make payment to Agent and Lenders of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this ARTICLE XI (other than indemnity obligations as to which no claim has been made) shall be paid in full in cash and (iii) the Final Maturity Date shall have occurred, Agent and Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment by such Guarantor.

## ARTICLE XII

### MISCELLANEOUS

Section 12.01 Notices, Etc. All notices and other communications provided for hereunder shall be in writing and shall be mailed, telecopied or delivered, if to any Loan Party, at the following address:

If to Borrowers: c/o CornerWorld Corporation  
13101 Preston Road, Suite 100  
Dallas, Texas 75240

with a copy to: D. Woodward Glenn, P.C.  
2626 Cole Avenue, Suite 510  
Dallas, Texas 75204  
Attn: Philip D. Collins, Esq.

If to Agent, to it at the following address:

Emerald Crest Management Company, LLC  
500 Newport Center Drive, Suite 950  
Newport Beach, CA 92660  
Attn: Carleton S. Breed  
Telephone: (714) 536-2479  
Fax: (949) 429-7707  
Email: cbreed@emcrest.com

with a copy to:

Gammage & Burnham, P.L.C.  
Two North Central Avenue, Suite 1500  
Phoenix, Arizona 85004  
Attn: Kevin R. Merritt, Esq.

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 12.01. All such notices and other communications shall be effective, (i) if mailed, via certified or registered mail, return receipt requested, when received or 3 Business Days after deposited in the mails, whichever occurs first, (ii) if telecopied, when transmitted and confirmation received, or (iii) if delivered, upon delivery, except that notices to Agent pursuant to ARTICLE II shall not be effective until received by Agent.

Section 12.02 Amendments, Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall (i) reduce the principal of, or interest on, the Loans payable to any Lender, reduce the amount of any fee payable for the account of any Lender, or postpone or extend any date fixed for any payment of principal of, or interest or fees on, the Loans payable to any Lender, in each case without the written consent of any Lender affected thereby, (ii) increase the Total Commitment without the written consent of each Lender, (iii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans that is required for Lenders or any of them to take any action hereunder, (iv) amend the definition of "Pro Rata Share", (v) release all or a substantial portion of the Collateral (except as otherwise provided in this Agreement and the other Loan Documents), subordinate any Lien granted in favor of Agent for the benefit of Lenders, or release any Borrower or any Guarantor, or (vi) amend, modify or waive Section 4.04 or this Section 12.02 of this Agreement, in each case, without the written consent of each Lender. In any other respect not specifically designated in this Section 12.02, Agent shall have the authority on behalf of each Lender to administer the Loan and to make decisions with respect to the administration and enforcement of the Loan. Notwithstanding the foregoing, no amendment, waiver or consent shall, unless in writing and signed by Agent, affect the rights or duties of Agent (but not in its capacity as a Lender) under this Agreement or the other Loan Documents.

Section 12.03 No Waiver, Remedies, Etc. No failure on the part of Agent or any Lender to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right under any Loan Document preclude any other or further exercise thereof or the exercise of any

other right. The rights and remedies of Agent and Lenders provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of Agent and Lenders under any Loan Document against any party thereto are not conditional or contingent on any attempt by Agent and Lenders to exercise any of their rights under any other Loan Document against such party or against any other Person.

Section 12.04 Expenses; Taxes; Attorneys' Fees. Borrowers will pay on demand, all costs and expenses incurred by or on behalf of Agent (and, in the case of clauses (b) through (m) below, each Lender), regardless of whether the transactions contemplated hereby are consummated, including, without limitation, reasonable fees, costs, client charges and expenses of counsel (and, in the case of clauses (c) through (l) below, whether incurred in a third-party action or in any action brought by Agent or Lenders, as applicable, against any Borrower or any other Loan Party to enforce their rights under this Section) for Agent (and, in the case of clauses (b) through (m) below, each Lender), accounting, due diligence, periodic field audits, physical counts, valuations, investigations, searches and filings, monitoring of assets, appraisals of Collateral, title searches and reviewing environmental assessments, miscellaneous disbursements, examination, travel, lodging and meals, arising from or relating to: (a) the negotiation, preparation, execution, delivery, performance and administration of this Agreement and the other Loan Documents (including, without limitation, the preparation of any additional Loan Documents pursuant to Section 7.01(b) or the review of any of the agreements, instruments and documents referred to in Section 7.01(f)), (b) any requested amendments, waivers or consents to this Agreement or the other Loan Documents whether or not such documents become effective or are given, (c) the preservation and protection of any of Lenders' rights under this Agreement or the other Loan Documents, (d) the defense of any claim or action asserted or brought against Agent or any Lender by any Person that arises from or relates to this Agreement, any other Loan Document, Agent's or Lenders' claims against any Loan Party, or any and all matters in connection therewith, (e) the commencement or defense of, or intervention in, any court proceeding arising from or related to this Agreement or any other Loan Document, (f) the filing of any petition, complaint, answer, motion or other pleading by Agent or any Lender, or the taking of any action in respect of the Collateral or other security, in connection with this Agreement or any other Loan Document, (g) the protection, collection, lease, sale, taking possession of or liquidation of, any Collateral or other security in connection with this Agreement or any other Loan Document, (h) any attempt to enforce any Lien or security interest in any Collateral or other security in connection with this Agreement or any other Loan Document, (i) any attempt to collect from any Loan Party, (j) all liabilities and costs arising from or in connection with the past, present or future operations of any Loan Party involving any damage to real or personal property or natural resources or harm or injury alleged to have resulted from any Release of Hazardous Materials on, upon or into such property, (k) any Environmental Liabilities and Costs incurred in connection with the investigation, removal, cleanup and/or remediation of any Hazardous Materials present or arising out of the operations of any facility of any Loan Party, (l) any Environmental Liabilities and Costs incurred in connection with any Environmental Lien, or (m) the receipt by Agent or any Lender of any advice from professionals with respect to any of the foregoing. Without limitation of the foregoing or any other provision of any Loan Document: (x) Borrowers agree to pay all stamp, document, transfer, recording or filing taxes or fees and similar impositions now or hereafter determined by Agent or any Lender to be payable in connection with this Agreement or any other Loan Document, and Borrowers agree to save Agent and each Lender harmless for, from

and against any and all present or future claims, liabilities or losses with respect to or resulting from any omission to pay or delay in paying any such taxes, fees or impositions, (y) Borrowers agree to pay all broker fees that may become due in connection with the transactions contemplated by this Agreement and the other Loan Documents, and (z) if Borrowers fail to perform any covenant or agreement contained herein or in any other Loan Document, Agent may itself perform or cause performance of such covenant or agreement, and the expenses of Agent incurred in connection therewith shall be reimbursed on demand by Borrowers, shall constitute a part of the Obligations, and shall be secured by all of the Collateral.

Section 12.05 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, Agent or any Lender may, and is hereby authorized to, at any time and from time to time, without notice to any Loan Party (any such notice being expressly waived by the Loan Parties) and to the fullest extent permitted by law, set off and apply any and all amounts at any time held and other Indebtedness at any time owing by Agent or such Lender to or for the credit or the account of any Loan Party against any and all obligations of the Loan Parties either now or hereafter existing under any Loan Document, irrespective of whether or not Agent or such Lender shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured. Agent and each Lender agrees to notify such Loan Party promptly after any such set-off and application made by Agent or such Lender provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of Agent and Lenders under this Section 12.05 are in addition to the other rights and remedies (including other rights of set-off) which Agent and Lenders may have under this Agreement or any other Loan Documents, by law or otherwise.

Section 12.06 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.07 Assignments and Participations.

(a) This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of each Loan Party and Agent and each Lender and their respective successors and assigns; provided, however, that none of the Loan Parties may assign or transfer any of its rights hereunder or under the other Loan Documents without the prior written consent of each Lender and any such assignment without Lenders' prior written consent shall be null and void.

(b) Each Lender may, with the written consent of Agent, assign to one or more other lenders or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of the Loans made by it); provided, however, that (i) such assignment is in an amount which is at least \$500,000 or a multiple of \$100,000 in excess thereof (or the remainder of such Lender's Loan) (except such minimum amount shall not apply to an assignment by a Lender to (x) an Affiliate of such Lender or a Related Fund of such Lender or (y) a group of new Lenders, each of whom is an Affiliate or Related Fund of each other to the extent the aggregate amount to be assigned to all such new Lenders is at least \$500,000 or a multiple of \$100,000 in excess thereof), (ii) the parties to each

such assignment shall execute and deliver to Agent, for its acceptance, an Assignment and Acceptance, together with any promissory note subject to such assignment and such parties shall deliver to Agent, for the benefit of Agent, a processing and recordation fee of \$3,500 (except the payment of such fee shall not be required in connection with an assignment by a Lender to an Affiliate of such Lender or a Related Fund of such Lender), and (iii) no written consent of Agent shall be required (1) in connection with any assignment by a Lender to an Affiliate of such Lender or a Related Fund of such Lender or (2) if such assignment is in connection with any merger, consolidation, sale, transfer, or other disposition of all or any substantial portion of the business or loan portfolio of such Lender. Upon such execution, delivery and acceptance, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least 3 Business Days after the delivery thereof to Agent (or such shorter period as shall be agreed to by Agent and the parties to such assignment), (A) the assignee thereunder shall become a "Lender" hereunder and, in addition to the rights and obligations hereunder held by it immediately prior to such effective date, have the rights and obligations hereunder that have been assigned to it pursuant to such Assignment and Acceptance and (B) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). So long as no Default or Event of Default shall have occurred and be continuing, Agent shall use reasonable efforts to provide Borrowers with notice of any such assignment, but Agent shall have no duty or obligation to follow any advice or request made by Borrowers in connection therewith and shall not have any liability to Borrowers for failing to provide such notice. No charges incurred pursuant to this Section 12.07(b) by any Lender party to an assignment or participation of all or a portion of the Loans made hereunder shall be passed through, either directly or indirectly, to Borrowers or to any Loan Party.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto; (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or any of its Subsidiaries or the performance or observance by any Loan Party of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement and the other Loan Documents, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the assigning Lender, Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents; (v) such assignee appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are

delegated to Agent by the terms hereof and thereof, together with such powers as are reasonably incidental hereto and thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Loan Documents are required to be performed by it as a Lender.

(d) Agent shall, acting solely for this purpose as a non-fiduciary agent of Borrowers, maintain, or cause to be maintained a copy of each Assignment and Acceptance delivered to and accepted by it and a register (the "Register") for the recordation of the names and addresses of Lenders and the Commitments of, and the principal amount of the Loans (and stated interest thereon) (the "Registered Loans") owing to each Lender from time to time. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrowers, Agent and Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrowers and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon receipt by Agent of a completed Assignment and Acceptance executed by an assigning Lender and an assignee, and subject to any consent required from Agent pursuant to Section 12.07(b), Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register.

(f) A Registered Loan (and the registered note, if any, evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register (and each registered note shall expressly so provide). Any assignment or sale of all or part of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by registration of such assignment or sale on the Register, together with the surrender of the registered note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such registered note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new registered notes in the same aggregate principal amount shall be issued by Borrowers to the designated assignee(s) or transferee(s). Prior to the registration of assignment or sale of any Registered Loan (and the registered note, if any, evidencing the same), Agent shall treat the Person in whose name such Registered Loan (and the registered note, if any, evidencing the same) is registered on the Register as the owner thereof for the purpose of receiving all payments thereon, notwithstanding notice to the contrary.

(g) In the event that any Lender sells participations in a Registered Loan, such Lender shall maintain a register for this purpose as a non-fiduciary agent of Borrowers, on which it enters the name of all participants in the Registered Loans held by it and the principal amount (and stated interest thereon) of the portion of the Registered Loan that is the subject of the participation (the "Participant Register"). A Registered Loan (and the registered note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). Any participation of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register.

(h) Any Non-U.S. Lender who purchases or is assigned or participates in any portion of such Registered Loan shall comply with Section 2.07(d).

(i) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including, without limitation, all or a portion of the Loans made by it); provided, that (i) such Lender's obligations under this Agreement and the other Loan Documents shall remain unchanged; (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and Borrowers, Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents; and (iii) a participant shall not be entitled to require such Lender to take or omit to take any action hereunder except (A) action directly effecting an extension of the maturity dates or decrease in the principal amount of the Loans, (B) action directly effecting an extension of the due dates or a decrease in the rate of interest payable on the Loans or the fees payable under this Agreement, or (C) actions directly effecting a release of all or a substantial portion of the Collateral or any Loan Party (except as set forth in Section 10.08 of this Agreement or any other Loan Document). The Loan Parties agree that each participant shall be entitled to the benefits of Section 2.07 of this Agreement with respect to its participation in any portion of the Loans as if it was a Lender.

(j) Notwithstanding anything to the contrary contained in this Section 12.07, any Lender may at any time pledge or grant a security interest in all or any portion of its rights under this Agreement, the other Loan Documents and the Loans made by it as collateral security to secure obligations of such Lender, Affiliates of such Lender or funds or accounts managed by such Lender or an affiliate of such Lender, and this Section shall not apply to any such pledge or grant of a security interest; provided that no such pledge or grant of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or secured party for such Lender as a party hereto.

**Section 12.08** Counterparts This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopier or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telecopier or by electronic mail also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

**Section 12.09** GOVERNING LAW. IT IS THE INTENT OF THE PARTIES HERETO THAT, IN ACCORDANCE WITH SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, ALL PROVISIONS OF THIS AGREEMENT AND OF THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED EXCLUSIVELY IN THE STATE OF NEW YORK.

Section 12.10 CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE. FOR PURPOSES OF ANY ACTION OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, IN ACCORDANCE WITH SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THE PARTIES HERETO HEREBY EXPRESSLY AND IRREVOCABLY CONSENT AND SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH LOAN PARTY HEREBY IRREVOCABLY ACCEPTS IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH LOAN PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO BORROWERS AT THEIR ADDRESS FOR NOTICES AS SET FORTH IN SECTION 12.01, SUCH SERVICE TO BECOME EFFECTIVE 10 DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF AGENT AND LENDERS TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY LOAN PARTY IN ANY OTHER JURISDICTION. EACH LOAN PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY LOAN PARTY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, EACH LOAN PARTY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

Section 12.11 WAIVER OF JURY TRIAL, ETC. EACH LOAN PARTY, AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH LOAN PARTY CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF AGENT OR ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT AGENT OR ANY LENDER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. EACH LOAN PARTY HEREBY



ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR AGENT AND LENDERS ENTERING INTO THIS AGREEMENT.

Section 12.12 Consent by Agent and Lenders. Except as otherwise expressly set forth herein to the contrary, if the consent, approval, satisfaction, determination, judgment, acceptance or similar action (an "Action") of Agent or any Lender shall be permitted or required pursuant to any provision hereof or any provision of any other agreement to which any Loan Party is a party and to which Agent or any Lender has succeeded thereto, such Action shall be required to be in writing, may be withheld or denied by Agent or such Lender, in its sole discretion, with or without any reason, and shall not be subject to question or challenge if taken or made by Agent in good faith.

Section 12.13 No Party Deemed Drafter. Each of the parties hereto agrees that no party hereto shall be deemed to be the drafter of this Agreement.

Section 12.14 Reinstatement; Certain Payments. If any claim is ever made upon Agent or any Lender for repayment or recovery of any amount or amounts received by Agent or such Lender in payment or on account of any of the Obligations, Agent or such Lender shall give prompt notice of such claim to each other Lender and to each Borrower, and if Agent or such Lender repays all or part of such amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over Agent or such Lender or any of its property, or (ii) any good faith settlement or compromise of any such claim effected by Agent or such Lender with any such claimant, then and in such event each Loan Party agrees that (A) any such judgment, decree, order, settlement or compromise shall be binding upon it notwithstanding the cancellation of any Indebtedness hereunder or under the other Loan Documents or the termination of this Agreement or the other Loan Documents, and (B) it shall be and remain liable to Agent or such Lender hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by Agent or such Lender.

Section 12.15 Indemnification.

(a) General Indemnity. In addition to each Loan Party's other Obligations under this Agreement, each Loan Party agrees, jointly and severally, to defend, protect, indemnify and hold harmless Agent and each Lender and all of their respective officers, directors, employees, attorneys, consultants and agents (collectively called the "Indemnitees") for, from and against any and all losses, damages, liabilities, obligations, penalties, fees, reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses (and, in the case of clause (iv) below, whether incurred in a third-party action or in an action brought by Agent or Lenders, as applicable, against either or both of Borrowers or any of the other Loan Parties to enforce their rights under this Section)), incurred by such Indemnitees, whether prior to or from and after the Effective Date, whether direct, indirect or consequential, as a result of or arising from or relating to or in connection with any of the following: (i) the negotiation, preparation, execution or performance or enforcement of this Agreement, any other Loan Document or of any other document executed in connection with the transactions contemplated by this Agreement, (ii) Agent's or any Lender's furnishing of funds to Borrowers under this Agreement or the other Loan Documents, including, without limitation, the management of any such Loans, (iii) any matter relating to the financing transactions

contemplated by this Agreement or the other Loan Documents or by any document executed in connection with the transactions contemplated by this Agreement or the other Loan Documents, or (iv) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto (collectively, the "Indemnified Matters"); provided, however, that the Loan Parties shall not have any obligation to any Indemnitee under this subsection (a) for any Indemnified Matter caused by the gross negligence or willful misconduct of such Indemnitee, as determined by a final judgment of a court of competent jurisdiction.

(b) Environmental Indemnity. Without limiting Section 12.15(a) hereof, each Loan Party agrees, jointly and severally, to defend, indemnify, and hold harmless the Indemnitees for, from and against any and all Environmental Liabilities and Costs and all other claims, demands, penalties, fines, liability (including strict liability), losses, damages, costs and expenses (including without limitation, reasonable legal fees and expenses (whether incurred in a third-party action or in an action brought by Agent or Lenders, as applicable, against either or both of Borrowers or any of the other Loan Parties to enforce their rights under this Section), consultant fees and laboratory fees), arising out of (i) any Releases or threatened Releases (x) at any property presently or formerly owned or operated by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest, or (y) of any Hazardous Materials generated and disposed of by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; (ii) any violations of Environmental Laws relating to any Loan Party or any Subsidiary of any Loan Party or any Collateral; (iii) any Environmental Action relating to any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; (iv) any personal injury (including wrongful death) or property damage (real or personal) arising out of exposure to Hazardous Materials used, handled, generated, transported or disposed by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; and (v) any breach of any warranty or representation regarding environmental matters made by the Loan Parties in Section 6.01(r) or the breach of any covenant made by the Loan Parties in Section 7.01(j). Notwithstanding the foregoing, the Loan Parties shall not have any obligation to any Indemnitee under this subsection (b) regarding any potential environmental matter covered hereunder which is caused by the gross negligence or willful misconduct of such Indemnitee, as determined by a final judgment of a court of competent jurisdiction.

(c) The indemnification for all of the foregoing losses, damages, fees, costs and expenses of the Indemnitees are chargeable against the Loan Account. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 12.15 may be unenforceable because it is violative of any law or public policy, each Loan Party shall, jointly and severally, contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees. The indemnities set forth in this Section 12.15 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

Section 12.16 Records. The unpaid principal of and interest on the Loans, the interest rate or rates applicable to such unpaid principal and interest, the duration of such applicability, the Commitments, and the accrued and unpaid fees payable pursuant to Section 2.06 hereof, including, without limitation, the Closing Fee, the Loan Servicing Fee, and the Applicable Prepayment Premium, shall at all times be ascertained from the records of Agent, which shall be conclusive and binding absent manifest error.

Section 12.17 Binding Effect. This Agreement shall become effective when it shall have been executed by each Loan Party, Agent and each Lender and when the conditions precedent set forth in Section 5.01 hereof have been satisfied or waived in writing by Agent, and thereafter shall be binding upon and inure to the benefit of each Loan Party, Agent and each Lender, and their respective successors and assigns, except that the Loan Parties shall not have the right to assign their rights hereunder or any interest herein without the prior written consent of each Lender, and any assignment by any Lender shall be governed by Section 12.07 hereof.

Section 12.18 Interest. It is the intention of the parties hereto that Agent and each Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby or by any other Loan Document would be usurious as to Agent or any Lender under laws applicable to it (including the laws of the United States of America and the State of New York or any other jurisdiction whose laws may be mandatorily applicable to Agent or such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document or any agreement entered into in connection with or as security for the Obligations, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to Agent or any Lender that is contracted for, taken, reserved, charged or received by Agent or such Lender under this Agreement or any other Loan Document or agreements or otherwise in connection with the Obligations shall under no circumstances exceed the maximum amount allowed by such applicable law, any excess shall be canceled automatically and if theretofore paid shall be credited by Agent or such Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by Agent or such Lender, as applicable, to Borrowers); and (ii) in the event that the maturity of the Obligations is accelerated by reason of any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to Agent or any Lender may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by Agent or such Lender, as applicable, as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by Agent or such Lender, as applicable, on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by Agent or such Lender to Borrowers). All sums paid or agreed to be paid to Agent or any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to Agent or such Lender, be amortized, prorated, allocated and spread throughout the full term of the Loans until payment in full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable law. If at any time and from time to time (x) the amount of interest payable to Agent or any Lender on any date shall be computed at the Highest Lawful Rate applicable to Agent or such Lender pursuant to this Section 12.18 and (y) in respect of any subsequent interest computation period the amount of interest otherwise payable to Agent or such Lender would be less than the amount of interest payable to Agent or such Lender computed at the Highest Lawful Rate applicable to Agent or such Lender, then the amount of interest payable to Agent or such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to Agent or such Lender until the total amount of interest payable to Agent or such Lender shall equal the total

amount of interest which would have been payable to Agent or such Lender if the total amount of interest had been computed without giving effect to this Section 12.18.

For purposes of this Section 12.18, the term "applicable law" shall mean that law in effect from time to time and applicable to the loan transaction between Borrowers, on the one hand, and Agent and Lenders, on the other, that lawfully permits the charging and collection of the highest permissible, lawful non-usurious rate of interest on such loan transaction and this Agreement, including laws of the State of New York and, to the extent controlling, laws of the United States of America.

The right to accelerate the maturity of the Obligations does not include the right to accelerate any interest that has not accrued as of the date of acceleration.

Section 12.19 Confidentiality. Agent and each Lender agrees (on behalf of itself and each of its affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound practices of comparable commercial finance companies, any non-public information supplied to it by the Loan Parties pursuant to this Agreement or the other Loan Documents which is identified in writing by the Loan Parties as being confidential at the time the same is delivered to such Person (and which at the time is not, and does not thereafter become, publicly available or available to such Person from another source not known to be subject to a confidentiality obligation to such Person not to disclose such information), provided that nothing herein shall limit the disclosure of any such information (i) to the extent required by statute, rule, regulation or judicial process, (ii) to counsel for Agent or any Lender, (iii) to examiners, auditors, accountants of Agent or Lenders, (iv) in connection with any litigation to which Agent or any Lender is a party or (v) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) first agrees, in writing, to be bound by confidentiality provisions similar in substance to this Section 12.19. Notwithstanding the foregoing, Agent and each Lender may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the financing contemplated by this Agreement, and all materials of any kind (including opinions or other tax analyses) that are provided to Agent or any Lender relating to such tax treatment and tax structure. Agent and each Lender agrees that, upon receipt of a request or identification of the requirement for disclosure pursuant to clause (iv) hereof, it will make reasonable efforts to keep the Loan Parties informed of such request or identification; provided that the each Loan Party acknowledges that Agent and each Lender may make disclosure as required or requested by any Governmental Authority or representative thereof and that Agent and each Lender may be subject to review by various regulatory agencies and may be required to provide to, or otherwise make available for review by, the representatives of such parties or agencies any such non-public information. The provisions of this Section 12.19 shall survive for 2 years after the payment in full of the Obligations.

Section 12.20 Public Disclosure. Each Loan Party agrees that neither it nor any of its Affiliates will now or in the future issue any press release or other public disclosure using the name of Agent, any Lender or any of their respective Affiliates or referring to this Agreement or any other Loan Document without the prior written consent of Agent or such Lender, except to the extent that such Loan Party or such Affiliate is required to do so under applicable law (in

which event, such Loan Party or such Affiliate will consult with Agent or such Lender before issuing such press release or other public disclosure). Each Loan Party hereby authorizes Agent and each Lender, after consultation with Borrowers, to advertise the closing of the transactions contemplated by this Agreement, and to make appropriate announcements of the financial arrangements entered into among the parties hereto, as Agent or such Lender shall deem appropriate, including, without limitation, announcements commonly known as tombstones, in such trade publications, business journals, newspapers of general circulation and to such selected parties as Agent or such Lender shall deem appropriate.

Section 12.21 USA Patriot Act Notice. Agent and each Lender hereby notify the Loan Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), it may be required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow Agent or such Lender, as applicable, to identify the Loan Parties in accordance therewith.

Section 12.22 Integration. This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWERS:

**S SQUARED, L.L.C.**, an Illinois limited liability company

By: /s/ Scott N. Beck

Name: Scott N. Beck

Title: CEO

**ENVERSA COMPANIES LLC**, a Texas limited liability company

By: /s/ Scott N. Beck

Name: Scott N. Beck

Title: CEO

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AGENT:

**EMERALD CREST MANAGEMENT COMPANY, LLC**, a Delaware limited liability company

By: /s/ Carl S. Breed

Print Name: Carl S. Breed

Title: Managing Director

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LENDERS:

**SOVEREIGN - EMERALD CREST CAPITAL PARTNERS II, LP,**  
a Delaware limited partnership

By: Emerald Crest Capital II, LLC,  
a Delaware limited liability company,  
its General Partner

By: /s/ Carl S. Breed  
Print Name: Carleton S. Breed  
Title: President

**PACIFIC SPECIALTY INSURANCE COMPANY,** a California corporation

By: \_\_\_\_\_  
Print Name: Brian J. McSweeney  
Title: General Counsel and Treasurer

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**CREDIT AGREEMENT**  
**Dated as of March 30, 2011**  
**by and among**  
**S SQUARED, L.L.C.,**  
an Illinois limited liability company

**and**

**ENVERSA COMPANIES, LLC,**  
a Texas limited liability company

**collectively as Borrowers,**

**and**

**SOVEREIGN - EMERALD CREST CAPITAL PARTNERS II, LP,**  
a Delaware limited partnership

**and**

**PACIFIC SPECIALTY INSURANCE COMPANY,**  
a California corporation

**as Lenders,**

**and**

**EMERALD CREST MANAGEMENT COMPANY, LLC,**  
**as Agent**

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Exhibit A	Form of Joinder Agreement
Exhibit B	Form of Assignment and Acceptance

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**Schedule 1.01(A)**

**Lenders and Lenders' Commitments**

<b>Lender</b>	<b>Commitment</b>	<b>Total Commitment</b>
Sovereign-Emerald Crest Capital Partners II, LP	50%	\$2,500,000
Pacific Specialty Insurance Company	50%	\$2,500,000
Total	100%	\$5,000,000

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**EXHIBIT A**

FORM OF JOINDER AGREEMENT

[not attached]

**EXHIBIT B**

FORM OF ASSIGNMENT AND ACCEPTANCE

[not attached]

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**PROMISSORY NOTE**

\$2,500,000.00

March \_\_, 2011

FOR VALUE RECEIVED, the undersigned, S SQUARED, L.L.C., an Illinois limited liability company ("S Squared") and ENVERSA COMPANIES LLC, a Texas limited liability company ("Enversa") (S Squared and Enversa are individually referred to herein as a "Borrower" and collectively as "Borrowers"), jointly and severally promise to pay to the order of PACIFIC SPECIALTY INSURANCE COMPANY, a California corporation (together with its successors and assigns, the "Holder"), at Menlo Park, California, or such other place as the Holder hereof may designate in writing, the principal sum of Two Million Five Hundred Thousand and 00/100 United States Dollars (U.S. \$2,500,000.00) (the "Loan"), with fees and obligations on the unpaid principal balance as provided in this Promissory Note (as amended, restated, supplemented or otherwise modified from time to time, this "Note") from the date hereof, until paid.

This Note is executed pursuant to that certain Credit Agreement dated as of the date hereof by and among, *inter alia*, Borrowers, Holder, Sovereign - Emerald Crest Capital Partners II, LP, a Delaware limited partnership, as co-Lender, and Emerald Crest Management Company, LLC, a Delaware limited liability company, in its capacity as Agent for the Lenders (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

**1. Interest.**

- (a) Except as otherwise provided herein, interest shall be computed and shall accrue at a rate per annum equal to the Base Interest Rate.
- (b) Interest shall be computed on the outstanding principal balance of the Loan on the basis of a year consisting of 360 days and charged for the actual number of days elapsed during the period for which interest is being calculated.

**2. Principal and Interest Payments.**

- (a) Interest Payment. Interest on the Loan shall be payable monthly, in arrears, on the first day of each month, commencing on the first day of the month following the month in which the Loan is made and at maturity (whether upon demand, by acceleration, otherwise). Interest at the Post-Default Rate shall be payable on demand.
  - (b) Principal Payments. The outstanding principal of the Loan shall be repayable in quarterly installments on the first day of each January, April, July and October, commencing on July 1, 2011. The first six such quarterly installments, being the payments due July 1, 2011 through and including the payment due October 1, 2012, shall each be in an amount equal to \$62,500. Commencing with the payment due on January 1, 2013 and thereafter, each subsequent quarterly installment of principal shall be in an amount equal to \$137,500; provided, however, that the last such installment shall be in the amount necessary to repay in full the
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unpaid principal balance of the Loan and shall be due and payable on the Final Maturity Date (or earlier upon an acceleration or earlier termination of the Loan).

(c) If any payment of interest or principal to be made by Borrowers shall become due on a day other than a Business Day, such payment will be made on the next succeeding Business Day and such extension of time shall be included in computing any interest with respect to such payment.

**3. Maturity Date.**

The unpaid principal balance hereof, together with all unpaid interest accrued thereon, and all other amounts payable by Borrowers under the terms of the Credit Agreement and the other Loan Documents shall be due and payable on the Final Maturity Date. If the Final Maturity Date should fall on a day other than a Business Day, payment of the outstanding principal and all unpaid interest due under the terms hereof shall be made on the next succeeding Business Day, and such extension of time shall be included in computing any interest in respect of such payment.

**4. Prepayment.**

Borrowers may voluntarily prepay the outstanding principal balance of the Loan, in whole or in part, only in accordance with the provisions of Section 2.05(a) of the Credit Agreement. Borrowers shall be required to prepay the outstanding principal balance of the Loan upon the occurrence of those circumstances set forth in Section 2.05(b) of the Credit Agreement, in the amounts required thereby.

**5. Manner of Payment.**

All payments by Borrowers under this Note shall be made without deduction, defense, set-off or counterclaim and in immediately available funds delivered by wire transfer to such account(s) at such bank(s) on behalf of Holder or Agent as Agent may from time to time designate in writing to Borrowers in accordance with the Credit Agreement. Principal and interest are payable in lawful money of the United States of America.

**6. Applications of Payments; Late Charges.**

(a) Payments received by Holder pursuant to the terms hereof shall be applied in the manner required by the Credit Agreement.

(b) If any installment of interest and/or the payment of principal is not received by Holder on the due date thereof, then in addition to the remedies conferred upon Holder pursuant to Article IX of the Credit Agreement and the other Loan Documents, the Holder may elect to assess a late charge in the amount of 7% of the late payment for the first day late, and an additional 3% of the amount of the late payment for each further day late thereafter, for a maximum of 5 days, which late charge will be added to the delinquent amount to compensate Holder for the administrative expenses resulting from any such delinquency. Borrowers understand that the failure of Borrowers to make payments hereunder in a timely manner shall cause Holder to incur substantial administrative expenses as a result of any such

delinquency, and Borrowers and Holder agree that the foregoing late charge represents a good faith and fair and reasonable estimate of the probable cost to Holder resulting from any such delinquency. Borrowers acknowledge that during the time that any such amount shall be in default, Holder will incur losses which are impracticable, costly and inconvenient to ascertain and that such late charge represents a reasonable sum considering all of the circumstances existing on the date of the execution of this Note and represents a reasonable estimate of the losses Holder will incur by reason of late payment. Borrowers further agree that proof of actual losses would be costly, inconvenient, impracticable and extremely difficult to fix. Acceptance of such late charge shall not constitute a waiver of the default with respect to the overdue installment, and shall not prevent Holder from exercising any of the other rights and remedies available hereunder.

**7. Default.**

The occurrence of any Event of Default, as defined in the Credit Agreement, shall constitute an Event of Default under this Note.

**8. Remedies.**

Upon the occurrence of an Event of Default and without demand or notice, Holder shall have the option to declare the entire balance of principal hereunder, together with all accrued interest thereon, immediately due and payable and to exercise all rights and remedies available to it under the Credit Agreement, the other Loan Documents, at law or in equity. Upon the occurrence of an Event of Default (and so long as such Event of Default shall continue), the entire balance of principal together with all accrued interest thereon shall bear interest at the Post-Default Rate, and such interest shall be payable on demand. No delay or omission on the part of Holder hereof in exercising any right under this Note or under any of the Loan Documents shall operate as a waiver of such right. The application of the Post-Default Rate shall not be interpreted or deemed to extend any cure period set forth in any Loan Document or otherwise limit in any way any of Holder's remedies hereunder or thereunder.

**9. Waiver.**

(a) Every person or entity at any time liable for the payment of the indebtedness evidenced hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note and expressly agrees that, without in any way affecting the liability of Borrowers hereunder, Holder may extend the Final Maturity Date or the time for payment of any installment due hereunder, accept security, release any party liable hereunder and release any security hereafter securing this Note. Any such renewals, extensions or other actions may be made without notice to or consent of any person or entity liable for the payment of the indebtedness evidenced hereby. Borrowers further waive, to the full extent permitted by law, the right to plead any and all statutes of limitation as a defense to any demand on this Note, any other Loan Document or on any security agreement or other agreement now or hereafter securing this Note.

(b) Holder shall not by any act of omission or commission be deemed to waive any of its rights or remedies hereunder unless such waiver be in writing and signed by an authorized officer of Holder and then only to the extent specifically set forth therein; a waiver on

one occasion shall not be construed as continuing or as a bar to or waiver of such right or remedy on any other occasion. All remedies conferred upon Holder by this Note or any other instrument or agreement connected herewith or related hereto shall be cumulative and none is exclusive, and such remedies may be exercised concurrently or consecutively at Holder's option.

**10. Attorneys' Fees.**

If this Note is not paid when due or if any Event of Default occurs, Borrowers promise to pay all costs of enforcement and collection, including, but not limited to, Holder's attorneys' fees (whether incurred in a third party action or in an action brought by Holder against Borrowers to enforce its rights under this Note), whether or not any action or proceeding is brought to enforce the provisions hereof, including, without limitation, any action or proceeding in connection with any bankruptcy, insolvency, liquidation, reorganization, moratorium or other similar proceeding.

**11. Severability.**

Every provision of this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

**12. Interest Rate Limitation.**

The provisions of this Note, the Credit Agreement and the other Loan Documents are hereby expressly limited so that in no contingency or event whatever shall the amount paid or agreed to be paid to Holder for the use, forbearance or detention of the sums evidenced by this Note exceed the maximum amount permissible under applicable law. If from any circumstance whatever the performance or fulfillment of any provision of this Note, the Credit Agreement or any of the other Loan Documents should involve or purport to require any payment in excess of the limit prescribed by law, then the obligation to be performed or fulfilled is hereby reduced to the limit of such validity. In addition, if, from any circumstance whatever, Holder should ever receive as interest an amount which would exceed the highest lawful rate under applicable law, then the amount which would be excessive interest shall be applied as an optional reduction of principal (or, at Holder's option, be paid over to Borrowers), and will not be counted as interest.

**13. Headings.**

Headings at the beginning of each numbered section of this Note are intended solely for convenience and are not to be deemed or construed to be a part of this Note.

**14. Time is of the Essence.**

Time is of the essence with respect to all obligations under this Note.

**15. Successors.**

This Note and all its provisions, conditions, promises and covenants hereof shall be binding in accordance with the terms hereof upon Borrowers and their successors and assigns, provided nothing herein shall be deemed consent to any assignment restricted or prohibited by

the terms of the Credit Agreement. The obligations of Borrowers hereunder shall be joint and several. All of the rights and privileges hereof shall inure to the benefit of Holder and its successors and assigns.

**16. Choice of Law; Jurisdiction and Venue; Waiver of Jury Trial.**

**BORROWERS AND HOLDER HAVE AGREED THAT, IN ACCORDANCE WITH SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, ALL PROVISIONS OF THIS NOTE AND OF THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICTS OF LAW. FOR PURPOSES OF ANY ACTION OR PROCEEDING ARISING OUT OF THIS NOTE OR ANY OF THE OTHER LOAN DOCUMENTS, IN ACCORDANCE WITH SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THE PARTIES HERETO HEREBY EXPRESSLY AND IRREVOCABLY CONSENT AND SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE COUNTY OF NEW YORK, STATE OF NEW YORK OR IN THE FEDERAL DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (COLLECTIVELY, THE "NEW YORK COURTS"), SUCH JURISDICTION TO BE EXCLUSIVE HEREUNDER EXCEPT IN THOSE CIRCUMSTANCES WHERE THE NEW YORK COURTS ARE UNABLE TO EXERCISE IN REM JURISDICTION OVER PARTICULAR COLLATERAL, IN WHICH EVENT THE PARTIES AGREE THAT JURISDICTION SHALL BE PROPER IN THE STATE IN WHICH SUCH COLLATERAL IS LOCATED. BORROWERS HEREBY CONSENT THAT THEY MAY BE SERVED WITH ANY PROCESS OR PAPER BY REGISTERED MAIL OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK IN ACCORDANCE WITH APPLICABLE LAW, SERVICE TO BE DEEMED EFFECTIVE ON THE EARLIER OF ACTUAL DELIVERY OR FIVE (5) BUSINESS DAYS AFTER THE FIRST ATTEMPTED DELIVERY IF MAILED TO THE THEN CURRENT ADDRESS FOR NOTICES TO SUCH BORROWER UNDER THE CREDIT AGREEMENT. FURTHERMORE, BORROWERS WAIVE AND AGREE NOT TO ASSERT IN ANY ACTION, SUIT OR PROCEEDING HEREUNDER THAT THEY ARE NOT PERSONALLY SUBJECT TO THE JURISDICTION OF THE NEW YORK COURTS, THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, OR THAT VENUE OF THE ACTION, SUIT OR PROCEEDING IN THE NEW YORK COURTS IS IMPROPER. TO THE EXTENT THAT A COURT OF COMPETENT JURISDICTION FINDS NEW YORK LAW INAPPLICABLE WITH RESPECT TO ANY PROVISIONS OF THIS NOTE OR OF THE OTHER LOAN DOCUMENTS, THEN, AS TO THOSE PROVISIONS ONLY, THE LAWS OF THE JURISDICTIONS WHERE THE COLLATERAL IS LOCATED SHALL BE DEEMED TO APPLY. NOTHING IN THIS SECTION SHALL LIMIT OR RESTRICT THE RIGHT OF HOLDER (1) TO COMMENCE ANY PROCEEDING IN THE FEDERAL OR STATE COURTS LOCATED IN THE JURISDICTIONS IN WHICH THE COLLATERAL IS LOCATED TO THE EXTENT HOLDER DETERMINES THAT THE NEW YORK COURTS MAY NOT BE ABLE TO EXERCISE IN REM JURISDICTION OVER SUCH COLLATERAL OR DEEMS SUCH PROCEEDING NECESSARY OR ADVISABLE TO PRESERVE RIGHTS OR EXERCISE REMEDIES AVAILABLE UNDER THIS NOTE OR THE**

**OTHER LOAN DOCUMENTS OR (2) TO ENFORCE ANY AWARDS OR JUDGMENTS OBTAINED HEREUNDER IN ANY OTHER JURISDICTIONS. HOLDER AND BORROWERS ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS NOTE OR WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES AND, THEREFORE, THE PARTIES AGREE THAT ANY LAWSUIT ARISING OUT OF ANY SUCH CONTROVERSY SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.**

**BORROWERS AND HOLDER HEREBY AGREE THAT THIS PROVISION CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY PURSUANT TO THE PROVISIONS OF ALL APPLICABLE LAWS. EACH BORROWER DOES HEREBY CONSTITUTE AND APPOINT HOLDER ITS TRUE AND LAWFUL ATTORNEY-IN-FACT, WHICH APPOINTMENT IS COUPLED WITH AN INTEREST, AND HEREBY AUTHORIZES AND EMPOWERS HOLDER, IN THE NAME, PLACE AND STEAD OF SUCH BORROWER, TO FILE THIS AGREEMENT WITH THE CLERK OR JUDGE OF ANY COURT OF COMPETENT JURISDICTION AS A STATUTORY WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY.**

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF, the undersigned have caused this Note to be duly executed and delivered as of the date first set forth above.

**BORROWERS:**

**S SQUARED, L.L.C.**, an Illinois limited liability company

By: /s/ Scott N. Beck

Name: Scott N. Beck

Title: CEO

**ENVERSA COMPANIES LLC**, a Texas limited liability company

By: /s/ Scott N. Beck

Name: Scott N. Beck

Title: CEO

**PROMISSORY NOTE**

\$2,500,000.00

March \_\_, 2011

FOR VALUE RECEIVED, the undersigned, S SQUARED, L.L.C., an Illinois limited liability company ("S Squared") and ENVERSA COMPANIES LLC, a Texas limited liability company ("Enversa") (S Squared and Enversa are individually referred to herein as a "Borrower" and collectively as "Borrowers"), jointly and severally promise to pay to the order of SOVEREIGN - EMERALD CREST CAPITAL PARTNERS II, LP, a Delaware limited partnership (together with its successors and assigns, the "Holder"), at Newport Beach, California, or such other place as the Holder hereof may designate in writing, the principal sum of Two Million Five Hundred Thousand and 00/100 United States Dollars (U.S. \$2,500,000.00) (the "Loan"), with fees and obligations on the unpaid principal balance as provided in this Promissory Note (as amended, restated, supplemented or otherwise modified from time to time, this "Note") from the date hereof, until paid.

This Note is executed pursuant to that certain Credit Agreement dated as of the date hereof by and among, *inter alia*, Borrowers, Holder, Pacific Specialty Insurance Company, a California corporation, as co-Lender, and Emerald Crest Management Company, LLC, a Delaware limited liability company, in its capacity as Agent for the Lenders (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

**1. Interest.**

- (a) Except as otherwise provided herein, interest shall be computed and shall accrue at a rate per annum equal to the Base Interest Rate.
- (b) Interest shall be computed on the outstanding principal balance of the Loan on the basis of a year consisting of 360 days and charged for the actual number of days elapsed during the period for which interest is being calculated.

**2. Principal and Interest Payments.**

- (a) Interest Payment. Interest on the Loan shall be payable monthly, in arrears, on the first day of each month, commencing on the first day of the month following the month in which the Loan is made and at maturity (whether upon demand, by acceleration, otherwise). Interest at the Post-Default Rate shall be payable on demand.
  - (b) Principal Payments. The outstanding principal of the Loan shall be repayable in quarterly installments on the first day of each January, April, July and October, commencing on July 1, 2011. The first six such quarterly installments, being the payments due July 1, 2011 through and including the payment due October 1, 2012, shall each be in an amount equal to \$62,500. Commencing with the payment due on January 1, 2013 and thereafter, each subsequent quarterly installment of principal shall be in an amount equal to \$137,500; provided, however, that the last such installment shall be in the amount necessary to repay in full the
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unpaid principal balance of the Loan and shall be due and payable on the Final Maturity Date (or earlier upon an acceleration or earlier termination of the Loan).

(c) If any payment of interest or principal to be made by Borrowers shall become due on a day other than a Business Day, such payment will be made on the next succeeding Business Day and such extension of time shall be included in computing any interest with respect to such payment.

**3. Maturity Date.**

The unpaid principal balance hereof, together with all unpaid interest accrued thereon, and all other amounts payable by Borrowers under the terms of the Credit Agreement and the other Loan Documents shall be due and payable on the Final Maturity Date. If the Final Maturity Date should fall on a day other than a Business Day, payment of the outstanding principal and all unpaid interest due under the terms hereof shall be made on the next succeeding Business Day, and such extension of time shall be included in computing any interest in respect of such payment.

**4. Prepayment.**

Borrowers may voluntarily prepay the outstanding principal balance of the Loan, in whole or in part, only in accordance with the provisions of Section 2.05(a) of the Credit Agreement. Borrowers shall be required to prepay the outstanding principal balance of the Loan upon the occurrence of those circumstances set forth in Section 2.05(b) of the Credit Agreement, in the amounts required thereby.

**5. Manner of Payment.**

All payments by Borrowers under this Note shall be made without deduction, defense, set-off or counterclaim and in immediately available funds delivered by wire transfer to such account(s) at such bank(s) on behalf of Holder or Agent as Agent may from time to time designate in writing to Borrowers in accordance with the Credit Agreement. Principal and interest are payable in lawful money of the United States of America.

**6. Applications of Payments; Late Charges.**

(a) Payments received by Holder pursuant to the terms hereof shall be applied in the manner required by the Credit Agreement.

(b) If any installment of interest and/or the payment of principal is not received by Holder on the due date thereof, then in addition to the remedies conferred upon Holder pursuant to Article IX of the Credit Agreement and the other Loan Documents, the Holder may elect to assess a late charge in the amount of 7% of the late payment for the first day late, and an additional 3% of the amount of the late payment for each further day late thereafter, for a maximum of 5 days, which late charge will be added to the delinquent amount to compensate Holder for the administrative expenses resulting from any such delinquency. Borrowers understand that the failure of Borrowers to make payments hereunder in a timely manner shall cause Holder to incur substantial administrative expenses as a result of any such



delinquency, and Borrowers and Holder agree that the foregoing late charge represents a good faith and fair and reasonable estimate of the probable cost to Holder resulting from any such delinquency. Borrowers acknowledge that during the time that any such amount shall be in default, Holder will incur losses which are impracticable, costly and inconvenient to ascertain and that such late charge represents a reasonable sum considering all of the circumstances existing on the date of the execution of this Note and represents a reasonable estimate of the losses Holder will incur by reason of late payment. Borrowers further agree that proof of actual losses would be costly, inconvenient, impracticable and extremely difficult to fix. Acceptance of such late charge shall not constitute a waiver of the default with respect to the overdue installment, and shall not prevent Holder from exercising any of the other rights and remedies available hereunder.

**7. Default.**

The occurrence of any Event of Default, as defined in the Credit Agreement, shall constitute an Event of Default under this Note.

**8. Remedies.**

Upon the occurrence of an Event of Default and without demand or notice, Holder shall have the option to declare the entire balance of principal hereunder, together with all accrued interest thereon, immediately due and payable and to exercise all rights and remedies available to it under the Credit Agreement, the other Loan Documents, at law or in equity. Upon the occurrence of an Event of Default (and so long as such Event of Default shall continue), the entire balance of principal together with all accrued interest thereon shall bear interest at the Post-Default Rate, and such interest shall be payable on demand. No delay or omission on the part of Holder hereof in exercising any right under this Note or under any of the Loan Documents shall operate as a waiver of such right. The application of the Post-Default Rate shall not be interpreted or deemed to extend any cure period set forth in any Loan Document or otherwise limit in any way any of Holder's remedies hereunder or thereunder.

**9. Waiver.**

(a) Every person or entity at any time liable for the payment of the indebtedness evidenced hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note and expressly agrees that, without in any way affecting the liability of Borrowers hereunder, Holder may extend the Final Maturity Date or the time for payment of any installment due hereunder, accept security, release any party liable hereunder and release any security hereafter securing this Note. Any such renewals, extensions or other actions may be made without notice to or consent of any person or entity liable for the payment of the indebtedness evidenced hereby. Borrowers further waive, to the full extent permitted by law, the right to plead any and all statutes of limitation as a defense to any demand on this Note, any other Loan Document or on any security agreement or other agreement now or hereafter securing this Note.

(b) Holder shall not by any act of omission or commission be deemed to waive any of its rights or remedies hereunder unless such waiver be in writing and signed by an authorized officer of Holder and then only to the extent specifically set forth therein; a waiver on

one occasion shall not be construed as continuing or as a bar to or waiver of such right or remedy on any other occasion. All remedies conferred upon Holder by this Note or any other instrument or agreement connected herewith or related hereto shall be cumulative and none is exclusive, and such remedies may be exercised concurrently or consecutively at Holder's option.

**10. Attorneys' Fees.**

If this Note is not paid when due or if any Event of Default occurs, Borrowers promise to pay all costs of enforcement and collection, including, but not limited to, Holder's attorneys' fees (whether incurred in a third party action or in an action brought by Holder against Borrowers to enforce its rights under this Note), whether or not any action or proceeding is brought to enforce the provisions hereof, including, without limitation, any action or proceeding in connection with any bankruptcy, insolvency, liquidation, reorganization, moratorium or other similar proceeding.

**11. Severability.**

Every provision of this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

**12. Interest Rate Limitation.**

The provisions of this Note, the Credit Agreement and the other Loan Documents are hereby expressly limited so that in no contingency or event whatever shall the amount paid or agreed to be paid to Holder for the use, forbearance or detention of the sums evidenced by this Note exceed the maximum amount permissible under applicable law. If from any circumstance whatever the performance or fulfillment of any provision of this Note, the Credit Agreement or any of the other Loan Documents should involve or purport to require any payment in excess of the limit prescribed by law, then the obligation to be performed or fulfilled is hereby reduced to the limit of such validity. In addition, if, from any circumstance whatever, Holder should ever receive as interest an amount which would exceed the highest lawful rate under applicable law, then the amount which would be excessive interest shall be applied as an optional reduction of principal (or, at Holder's option, be paid over to Borrowers), and will not be counted as interest.

**13. Headings.**

Headings at the beginning of each numbered section of this Note are intended solely for convenience and are not to be deemed or construed to be a part of this Note.

**14. Time is of the Essence.**

Time is of the essence with respect to all obligations under this Note.

**15. Successors.**

This Note and all its provisions, conditions, promises and covenants hereof shall be binding in accordance with the terms hereof upon Borrowers and their successors and assigns, provided nothing herein shall be deemed consent to any assignment restricted or prohibited by

the terms of the Credit Agreement. The obligations of Borrowers hereunder shall be joint and several. All of the rights and privileges hereof shall inure to the benefit of Holder and its successors and assigns.

**16. Choice of Law; Jurisdiction and Venue; Waiver of Jury Trial.**

**BORROWERS AND HOLDER HAVE AGREED THAT, IN ACCORDANCE WITH SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, ALL PROVISIONS OF THIS NOTE AND OF THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICTS OF LAW. FOR PURPOSES OF ANY ACTION OR PROCEEDING ARISING OUT OF THIS NOTE OR ANY OF THE OTHER LOAN DOCUMENTS, IN ACCORDANCE WITH SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THE PARTIES HERETO HEREBY EXPRESSLY AND IRREVOCABLY CONSENT AND SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE COUNTY OF NEW YORK, STATE OF NEW YORK OR IN THE FEDERAL DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (COLLECTIVELY, THE "NEW YORK COURTS"), SUCH JURISDICTION TO BE EXCLUSIVE HEREUNDER EXCEPT IN THOSE CIRCUMSTANCES WHERE THE NEW YORK COURTS ARE UNABLE TO EXERCISE IN REM JURISDICTION OVER PARTICULAR COLLATERAL, IN WHICH EVENT THE PARTIES AGREE THAT JURISDICTION SHALL BE PROPER IN THE STATE IN WHICH SUCH COLLATERAL IS LOCATED. BORROWERS HEREBY CONSENT THAT THEY MAY BE SERVED WITH ANY PROCESS OR PAPER BY REGISTERED MAIL OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK IN ACCORDANCE WITH APPLICABLE LAW, SERVICE TO BE DEEMED EFFECTIVE ON THE EARLIER OF ACTUAL DELIVERY OR FIVE (5) BUSINESS DAYS AFTER THE FIRST ATTEMPTED DELIVERY IF MAILED TO THE THEN CURRENT ADDRESS FOR NOTICES TO SUCH BORROWER UNDER THE CREDIT AGREEMENT. FURTHERMORE, BORROWERS WAIVE AND AGREE NOT TO ASSERT IN ANY ACTION, SUIT OR PROCEEDING HEREUNDER THAT THEY ARE NOT PERSONALLY SUBJECT TO THE JURISDICTION OF THE NEW YORK COURTS, THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, OR THAT VENUE OF THE ACTION, SUIT OR PROCEEDING IN THE NEW YORK COURTS IS IMPROPER. TO THE EXTENT THAT A COURT OF COMPETENT JURISDICTION FINDS NEW YORK LAW INAPPLICABLE WITH RESPECT TO ANY PROVISIONS OF THIS NOTE OR OF THE OTHER LOAN DOCUMENTS, THEN, AS TO THOSE PROVISIONS ONLY, THE LAWS OF THE JURISDICTIONS WHERE THE COLLATERAL IS LOCATED SHALL BE DEEMED TO APPLY. NOTHING IN THIS SECTION SHALL LIMIT OR RESTRICT THE RIGHT OF HOLDER (1) TO COMMENCE ANY PROCEEDING IN THE FEDERAL OR STATE COURTS LOCATED IN THE JURISDICTIONS IN WHICH THE COLLATERAL IS LOCATED TO THE EXTENT HOLDER DETERMINES THAT THE NEW YORK COURTS MAY NOT BE ABLE TO EXERCISE IN REM JURISDICTION OVER SUCH COLLATERAL OR DEEMS SUCH PROCEEDING NECESSARY OR ADVISABLE TO PRESERVE RIGHTS OR EXERCISE REMEDIES AVAILABLE UNDER THIS NOTE OR THE**

**OTHER LOAN DOCUMENTS OR (2) TO ENFORCE ANY AWARDS OR JUDGMENTS OBTAINED HEREUNDER IN ANY OTHER JURISDICTIONS. HOLDER AND BORROWERS ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS NOTE OR WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES AND, THEREFORE, THE PARTIES AGREE THAT ANY LAWSUIT ARISING OUT OF ANY SUCH CONTROVERSY SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.**

**BORROWERS AND HOLDER HEREBY AGREE THAT THIS PROVISION CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY PURSUANT TO THE PROVISIONS OF ALL APPLICABLE LAWS. EACH BORROWER DOES HEREBY CONSTITUTE AND APPOINT HOLDER ITS TRUE AND LAWFUL ATTORNEY-IN-FACT, WHICH APPOINTMENT IS COUPLED WITH AN INTEREST, AND HEREBY AUTHORIZES AND EMPOWERS HOLDER, IN THE NAME, PLACE AND STEAD OF SUCH BORROWER, TO FILE THIS AGREEMENT WITH THE CLERK OR JUDGE OF ANY COURT OF COMPETENT JURISDICTION AS A STATUTORY WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY.**

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF, the undersigned have caused this Note to be duly executed and delivered as of the date first set forth above.

**BORROWERS:**

**S SQUARED, L.L.C.**, an Illinois limited liability company

By: /s/ Scott N. Beck

Name: Scott N. Beck

Title: CEO

**ENVERSA COMPANIES LLC**, a Texas limited liability company

By: /s/ Scott N. Beck

Name: Scott N. Beck

Title: CEO

## Exhibit 10.4

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

Original Issue Date: March 30, 2011

### COMMON STOCK PURCHASE WARRANT To Purchase 4,381,004 Shares of Common Stock of CORNERWORLD CORPORATION

THIS COMMON STOCK PURCHASE WARRANT (this "**Warrant**") certifies that, for value received, Pacific Specialty Insurance Company, a California corporation, or its registered assigns (the "**Holder**"), is entitled, upon the terms and subject to the conditions hereinafter set forth, at any time on or after the date hereof (the "**Initial Exercise Date**"), and on or prior to the close of business on March 30, 2016 (the "**Termination Date**"), to purchase up to 4,381,004 shares (the "**Warrant Shares**") of Common Stock, par value \$0.001 per share (the "**Common Stock**"), of CornerWorld Corporation, a Nevada corporation (the "**Company**"). This Warrant is issued pursuant to that certain Credit Agreement dated March 30, 2011 by and among S Squared, L.L.C., an Illinois limited liability company and Enversa Companies, LLC, a Texas limited liability company, each of which is, directly or indirectly, a wholly owned subsidiary of the Company, Sovereign-Emerald Crest Capital Partners II, LP, a Delaware limited partnership, Pacific Specialty Insurance Company, a California corporation, and certain Persons (including the Company) acting as guarantors and named therein (the "**Credit Agreement**").

**Section 1. Definitions.** Capitalized terms used and not otherwise defined herein shall have the meanings as set forth in the Credit Agreement.

#### **Section 2. Exercise.**

(a) **Exercise Price.** The exercise price for all the Warrant Shares under this Warrant shall be \$50.00 in the aggregate, or a pro rata portion thereof with respect to less than all of the Warrant Shares (the "**Exercise Price**").

(b) **Exercise of Warrant.** Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time, or from time to time, on or after the Initial Exercise Date, and on or before the Termination Date, by delivering to the Company: (i) a duly executed copy of the Notice of Exercise Form attached hereto as **Exhibit A** and, (ii) payment of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised, which may take the form of a "cashless exercise", as more particularly described below. The date on which the last of such items is delivered to the Company (as determined in accordance with the notice provisions hereof) is the "**Exercise Date**". Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and this Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Exercise Date. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable

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hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases.

(c) Cashless Exercise. In lieu of the payment of the aggregate Exercise Price, the Holder shall have the right (but not the obligation), to require the Company to convert this Warrant, in whole or in part, into shares of Common Stock (the "**Cashless Exercise Right**"). Upon exercise of the Cashless Exercise Right, the Company shall deliver to the Holder (without payment of the Exercise Price) that number of shares determined as follows:

$$X = Y [(A-B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder;

Y = the total number of Warrant Shares with respect to which this Warrant is being exercised;

A = the average of the Common Stock's Closing Sale Prices (as determined below) for the five (5) consecutive Trading Days ending on the date immediately preceding the Exercise Date; and

B = the pro-rata Exercise Price per Warrant Share then in effect at the time of such exercise.

For the purposes of this Warrant:

**"Closing Sale Price"** means, for any security as of any date, the last trade price for such security on the principal securities exchange or trading market for such security, as reported by Bloomberg Financial Markets, or, if such exchange or trading market begins to operate on an extended hours basis and does not designate the last trade price, then the last trade price of such security prior to 4:00 P.M., New York City time, as reported by Bloomberg Financial Markets, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security reported by Bloomberg Financial Markets, or, if no last trade price is reported for such security by Bloomberg Financial Markets, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported on the "pink sheets" by Pink Sheets LLC. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then the Board of Directors of the Company shall use its good faith judgment to determine the fair market value, in which case, the Board of Directors' determination shall be binding upon all parties absent a showing of bad faith or demonstrable error. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

**"Trading Day"** means any day on which the New York Stock Exchange is open for business.

(d) Mechanics of Exercise.

i. Authorization of Warrant Shares. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and the payment of the Exercise Price, be duly authorized, validly issued, fully paid and

nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof.

ii. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the transfer agent of the Company to the Holder by crediting the account of the Holder's prime broker with the Depository Trust Company through its Deposit Withdrawal Agent Commission ("**DWAC**") system if the Company is a participant in such system, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise, within five Trading Days of the Exercise Date (the "**Warrant Share Delivery Date**").

This Warrant shall be deemed to have been exercised on the Exercise Date. The Warrant Shares shall be deemed to have been issued, and Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the Exercise Date.

iii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical to this Warrant.

iv. Rescission Rights. If the Company fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Shares pursuant to Section 2(d)(ii) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional shares that would otherwise be issuable, the number of Warrant Shares to be issued shall be rounded down to the next whole number and the Company shall pay Holder in cash the fair market value of such fractional share (based on the Closing Sale Price).

vi. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder (or Holder's assigns) for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; *provided*, however, that in the event some or all of the certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder; and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental to the issuance of such Warrant Shares in a name other than Holder.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant pursuant to the terms hereof.

### **Section 3. Certain Adjustments.**

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company



upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case, the number of Warrant Shares shall be increased so that immediately following such event this Warrant shall be exercisable for the same percentage of the outstanding Common Stock as it was immediately prior to such event. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date in the case of a dividend or distribution, or the effective date in the case of a subdivision, combination or re-classification, as applicable.

(b) **Fundamental Transaction.** If, at any time while this Warrant is outstanding the Company effects or authorizes any: (i) merger or consolidation of the Company with or into another Person, (ii) sale of all or substantially all of its assets in one or a series of related transactions, (iii) tender offer or exchange offer (whether by the Company or another Person) pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each, a “**Fundamental Transaction**”), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant without regard to any limitations on exercise contained herein (the “**Alternate Consideration**”). If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder’s right to exercise such warrant into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is affected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3(b) and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(c) **Anti-Dilution.** If the Company, at any time while this Warrant is outstanding, issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock (as defined below) for an Effective Price (as defined below) less than \$0.04 per share, the number of Warrant Shares exercisable under this Warrant shall be increased to such number of shares as is equal to the product of: (A) the original number of Warrant Shares, *multiplied by* (B) the Warrant Multiplier.

For the purposes of this subsection (c):

“**Additional Shares of Common Stock**” means any shares of Common Stock issued or sold by the Company after the Original Issue Date of this Warrant, whether or not subsequently reacquired or retired by the Company, including, but not limited to, shares of Common Stock issued (A) for consideration other than cash pursuant to a bona fide merger, consolidation, acquisition or similar business combination, (B) in connection with strategic transactions, including licensing, collaboration or joint venture agreements, or (C) in exchange for the discharge, conversion, satisfaction or settlement of any Company debt or other liability (including, but not limited to, indebtedness of the Company created by the Credit Agreement).

“**Conversion Factor**” means the quotient of (A) the sum of (1) the number of shares of Common Stock outstanding immediately prior to such dilutive issuance or sale (on a fully diluted basis) *plus* (2) the number of shares of Common Stock which the aggregate consideration received for the Additional Shares of Common Stock so issued or sold would have purchased at a price per share equal to \$0.04, *divided by* (B) the sum of (1) the number of shares of Common Stock outstanding

immediately prior to such dilutive issuance or sale (on a fully diluted basis) *plus* (2) the number of shares of Common Stock so issued or sold at the dilutive price.

“**Effective Price**” means the quotient of (A) the total number of Additional Shares fo Common Stock issued, *divided by* (B) the aggregate consideration received in exchange for such issuance.

“**Warrant Multiplier**” means the quotient of: (A) \$0.04, *divided by* (B) the product of (1) \$0.04 *multiplied by* (2) the Conversion Factor.

(d) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

(e) Notice to Holders.

i. Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 3, the Company at its expense will promptly notify the Holder of the applicable adjustment, compute such adjustment, in good faith, and in accordance with the terms of this Warrant, and deliver a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities, cash or property issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based.

ii. Notice of Corporate Events. If the Company (A) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including, without limitation, any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any subsidiary; (B) authorizes, approves or enters into any agreement contemplating, or solicits stockholder approval for, any Fundamental Transaction; (C) authorizes the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company; then, in each case, the Company shall give notice of such fact to the Holder at least twenty (20) calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction.

#### **Section 4. Warrant Registry and Transfers.**

(a) Warrant Registry. The Company shall register this Warrant, upon the records to be maintained by the Company for that purpose (the “**Warrant Registry**”), in the name of the Holder, or, as the case may be, any registered assignee to which this Warrant is permissibly assigned hereunder.

(b) Transfers. Subject to compliance with all applicable securities laws, the Company shall register the transfer of all or any portion of this Warrant in the Warrant Registry, upon delivery to the Company of (i) this Warrant; (ii) a completed and duly executed Assignment of Warrant in the form attached hereto as **Exhibit B**; (iii) a written statement by transferee certifying that transferee is an “accredited investor” as defined in Rule 501(A) under the Securities Act; and (iv) at the Company’ s request, an opinion of counsel reasonably satisfactory to the Company to the effect that the transfer may be made pursuant to an available exemption from the registration requirements of the Securities Act and all applicable state securities or blue sky laws. Upon such registration of transfer, a new warrant to purchase Common Stock in substantially the form of this Warrant (any such new warrant, a “**New Warrant**”) evidencing the portion of this Warrant so transferred shall be issued to the transferee, and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder.

(c) Transfer Restrictions; Warrant Shares By the acceptance hereof, the Holder agrees that during any period of 30 consecutive Trading Days it shall not sell on any Trading Market on which the Common Stock is then listed or traded such number of Warrant Shares as is greater than 20% of the trading volume of the Common Stock on the principal trading market of the Common Stock during the immediately preceding 30 Trading Days; provided, that, if, at any time after the date hereof, the Company agrees with any of its or its Affiliates' then executive officers or directors or any Person who then beneficially owns more than 5.00% of the outstanding Common Stock (any of the foregoing being a "Significant Stockholder") to a limitation on the sale of Common Stock that is less restrictive to such Significant Stockholder than the forgoing restriction set forth herein with respect to the Holder, the foregoing restriction with respect to the Holder shall automatically, and without any action by the Company or the Holder, be deemed to be modified to conform to such less restrictive limitation, which less restrictive limitation shall remain in effect until such time, if any, that the Company agrees to a further less restrictive provision with any Significant Holder. The Company shall notify the Holder not later than two Trading Days after it has entered into with a Significant Stockholder a limitation on the sale of Common Stock that is less restrictive to such Significant Stockholder than the restriction set forth (or deemed to be) set forth herein with respect to the Holder.

**Section 5: Redemption.**

(a) Redemption by Company: At any time during the period beginning on March 30, 2014 and ending on the Termination Date (the "**Redemption Period**"), the Company may elect to redeem this Warrant in its entirety and all Warrant Shares then remaining exercisable pursuant thereto by delivering notice of such election to Holder (the "**Company Election**"), and delivering payment to Holder in an amount equal to the Company Redemption Amount. Upon delivery of the Company Election and payment of the Company Redemption Amount, this Warrant, without the need for any further action on the part of any party, shall be and become void and of no value, and shall be terminated, removed from the Warrant Registry and considered no longer outstanding. The "**Company Redemption Amount**" shall be an amount equal *the greater* of: (i) for each Warrant Share, an amount equal to the average of the Common Stock's Closing Sale Prices for the five (5) consecutive Trading Days ending on the date immediately preceding the Company Election, *provided*, that trading volume of the Company's Common Stock on each of the preceding five (5) Trading Days was equal to or greater than 0.6% of the Company's total Common Stock outstanding during the same period, or (ii) the product of: (A) the Warrant Redemption EBITDA *multiplied by* (B) six and one half (6.5) *multiplied by* (C) the percentage ownership interest in the Company (on a fully diluted basis) represented by the Warrant Shares subject to the Company Election, *provided, that*:

- i. notwithstanding any calculation of the Company Election Amount pursuant to the formula set forth above, under no circumstances shall the amount payable to Holder pursuant to a Holder Election under this Section 5(a) be less than \$500,000;
- ii. in the event the Company Election Amount pursuant to the formula set forth above is between \$500,000 and \$1,000,000, the entire Company Election Amount shall be paid to Holder in cash; and
- iii. in the event the Company Election Amount pursuant to the formula set forth above is greater than \$1,000,000, an amount equal to \$1,000,000 shall be payable in cash, and with respect to any amount payable to Holder in excess of \$1,000,000, Holder shall have an election as to whether such excess amount is payable in cash or a number of shares of Common Stock equal to the amount over \$1,000,000, based on the Closing Sale Price at the time the Company Election is delivered.

(b) Redemption by Holder: At any time during the Redemption Period, Holder may elect to redeem this Warrant in its entirety and all Warrant Shares then remaining exercisable pursuant thereto by delivering notice of such election to the Company (the "**Holder Election**"). Within thirty (30) days of receipt of the Holder Election, the Company shall deliver payment to Holder in an amount equal to the Holder Redemption Amount. Upon delivery of the Holder Election and payment of the Company Redemption Amount, this Warrant, without the need for any further action on the part of any party, shall be and become void and of no value, and shall be terminated, removed from the Warrant Registry and

considered no longer outstanding. The “**Holder Election Amount**” shall be an amount equal to the product of: (A) Warrant Redemption EBITDA multiplied by (B) five and one half (5.5) multiplied by (C) the percentage ownership interest in the Company (on a fully diluted basis) represented by the Warrant Shares subject to the Holder Election, *provided, that*:

i. notwithstanding any calculation of the Holder Election Amount pursuant to the formula set forth above, under no circumstances shall the amount payable to Holder pursuant to a Holder Election under this section be less than \$500,000;

ii. in the event the calculation of the Holder Election Amount pursuant to the formula set forth above equals an amount greater than \$1,000,000, the amount payable to Holder pursuant to a Holder Election under this section shall be disbursed as follows:

A. \$1,000,000 in cash; and

B. a number of shares of Common Stock equal to the amount over \$1,000,000, based on the Closing Sale Price at the time the Holder Election is delivered;

*provided, further*, that in the event the foregoing payment of cash to Holder pursuant to a Holder Election would result in the Company having a Qualified Cash balance less than the greater of (i) \$500,000, or (ii) 25% of Warrant Redemption EBITDA, immediately after such payment is made, Holder or its assigns will finance a portion of the payment on the terms set forth, and as more particularly described, in Section 2.09 of the Credit Agreement.

For the purposes of this Warrant:

“**Warrant Redemption EBITDA**” means Consolidated EBITDA (as defined in the Credit Agreement) of the Company for the trailing twelve (12) month period ending on the last day of the immediately preceding fiscal quarter for which financing reports have been delivered. The parties acknowledge that, in computing Warrant Redemption EBITDA, Stock-Based Compensation, as defined in the Credit Agreement, will be limited to \$150,000 on a trailing twelve month basis.

#### **Section 6. Miscellaneous.**

(a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof.

(b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of this Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

(c) Action on Non-Trading Days. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then such action may be taken or such right may be exercised on the next succeeding Trading Day.

(d) Authorized Shares.

The Company covenants that during the period this Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant.

The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein

without violation of any applicable law or regulation, or of any requirements of any stock exchange or trading market upon which the Common Stock may be listed.

Except to the extent waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant, and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof. The Warrant Shares represent on the date hereof 2.5% of the outstanding Common Stock, calculated on a fully-diluted, as-if exercised basis.

(e) Governing Law; Jurisdiction; Waiver of Trial by Jury. IN ACCORDANCE WITH SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED EXCLUSIVELY IN THE STATE OF NEW YORK. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HERewith OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT. EACH PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO BORROWER AT ITS ADDRESS FOR NOTICES AS SET FORTH IN THE CREDIT AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE 10 DAYS AFTER SUCH MAILING. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. EACH PARTY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS WARRANT, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. COMPANY CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF HOLDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT HOLDER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. COMPANY HEREBY ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER ENTERING INTO THE UNDERLYING CREDIT AGREEMENT AND TRANSACTIONS FROM WHICH THIS WARRANT ARISES.

- (f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.
- (g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to Holder such amounts as shall be sufficient to cover any reasonable costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.
- (h) Notices. Any and all notices or other communications or deliveries hereunder (including, without limitation, any Exercise Notice, Company Election or Holder Election) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Credit Agreement prior to 5:30 P.M., New York City time, on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Credit Agreement on a day that is not a Trading Day or later than 5:30 P.M., New York City time, on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service specifying next business day delivery, or (iv) upon actual receipt by the party to whom such notice is required to be given, if by hand delivery. The address and facsimile number of a party for such notices or communications shall be as set forth in the Credit Agreement unless changed with two (2) Trading Days' prior notice.
- (i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.
- (j) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.
- (k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.
- (l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.
- (m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.
- (n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed on the date first written above.

**CORNERWORLD CORPORATION**

By: /s/ Scott N. Beck

Scott Beck

Chairman and Chief Executive Officer

**EXHIBIT A  
NOTICE OF EXERCISE**

TO: CORNERWORLD CORPORATION

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

lawful money of the United States; or

the issuance of \_\_\_\_\_ shares of Common Stock in accordance the Cashless Exercise Right formula set forth in Section 2(c) of the Warrant.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_  
The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

\_\_\_\_\_

(4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_

*Signature of Authorized Signatory of Investing Entity* : \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT B**  
**ASSIGNMENT OF WARRANT**

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (the "**Transferee**") the right represented by the within Warrant to purchase \_\_\_\_\_ shares of Common Stock of CornerWorld Corporation (the "**Company**") to which the within Warrant relates. In connection therewith, the undersigned represents, warrants, covenants and agrees to and with the Company that:

- (a) the offer and sale of this Warrant contemplated hereby is being made in compliance with Section 4(1) of the United States Securities Act of 1933, as amended (the "**Securities Act**") or another valid exemption from the registration requirements of Section 5 of the Securities Act and in compliance with all applicable securities laws of the states of the United States;
- (b) the undersigned has not offered to sell the Warrant by any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, and any seminar or meeting whose attendees have been invited by any general solicitation or general advertising;
- (c) the undersigned has reviewed Transferee' s Accredited Investor Certification delivered herewith, and has no reason to believe it is not true and accurate; and
- (d) the undersigned understands that the Company may condition the transfer of the Warrant contemplated hereby upon the delivery to the Company by the undersigned or the Transferee, as the case may be, of a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable securities laws of the states of the United States.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

Address of Transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In the presence of:

\_\_\_\_\_

## Exhibit 10.5

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

Original Issue Date: March 30, 2011

### COMMON STOCK PURCHASE WARRANT To Purchase 4,381,004 Shares of Common Stock of CORNERWORLD CORPORATION

THIS COMMON STOCK PURCHASE WARRANT (this "**Warrant**") certifies that, for value received, Emerald Crest Capital Partners II, LP, a Delaware limited partnership, or its registered assigns (the "**Holder**"), is entitled, upon the terms and subject to the conditions hereinafter set forth, at any time on or after the date hereof (the "**Initial Exercise Date**"), and on or prior to the close of business on March 30, 2016 (the "**Termination Date**"), to purchase up to 4,381,004 shares (the "**Warrant Shares**") of Common Stock, par value \$0.001 per share (the "**Common Stock**"), of CornerWorld Corporation, a Nevada corporation (the "**Company**"). This Warrant is issued pursuant to that certain Credit Agreement dated March 30, 2011 by and among S Squared, L.L.C., an Illinois limited liability company and Enversa Companies, LLC, a Texas limited liability company, each of which is, directly or indirectly, a wholly owned subsidiary of the Company, Sovereign-Emerald Crest Capital Partners II, LP, a Delaware limited partnership, Pacific Specialty Insurance Company, a California corporation, and certain Persons (including the Company) acting as guarantors and named therein (the "**Credit Agreement**").

**Section 1. Definitions.** Capitalized terms used and not otherwise defined herein shall have the meanings as set forth in the Credit Agreement.

#### **Section 2. Exercise.**

(a) **Exercise Price.** The exercise price for all the Warrant Shares under this Warrant shall be \$50.00 in the aggregate, or a pro rata portion thereof with respect to less than all of the Warrant Shares (the "**Exercise Price**").

(b) **Exercise of Warrant.** Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time, or from time to time, on or after the Initial Exercise Date, and on or before the Termination Date, by delivering to the Company: (i) a duly executed copy of the Notice of Exercise Form attached hereto as **Exhibit A** and, (ii) payment of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised, which may take the form of a "cashless exercise", as more particularly described below. The date on which the last of such items is delivered to the Company (as determined in accordance with the notice provisions hereof) is the "**Exercise Date**". Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and this Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Exercise Date. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable

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hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases.

(c) Cashless Exercise. In lieu of the payment of the aggregate Exercise Price, the Holder shall have the right (but not the obligation), to require the Company to convert this Warrant, in whole or in part, into shares of Common Stock (the "**Cashless Exercise Right**"). Upon exercise of the Cashless Exercise Right, the Company shall deliver to the Holder (without payment of the Exercise Price) that number of shares determined as follows:

$$X = Y [(A-B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder;

Y = the total number of Warrant Shares with respect to which this Warrant is being exercised;

A = the average of the Common Stock's Closing Sale Prices (as determined below) for the five (5) consecutive Trading Days ending on the date immediately preceding the Exercise Date; and

B = the pro-rata Exercise Price per Warrant Share then in effect at the time of such exercise.

For the purposes of this Warrant:

**"Closing Sale Price"** means, for any security as of any date, the last trade price for such security on the principal securities exchange or trading market for such security, as reported by Bloomberg Financial Markets, or, if such exchange or trading market begins to operate on an extended hours basis and does not designate the last trade price, then the last trade price of such security prior to 4:00 P.M., New York City time, as reported by Bloomberg Financial Markets, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security reported by Bloomberg Financial Markets, or, if no last trade price is reported for such security by Bloomberg Financial Markets, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported on the "pink sheets" by Pink Sheets LLC. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then the Board of Directors of the Company shall use its good faith judgment to determine the fair market value, in which case, the Board of Directors' determination shall be binding upon all parties absent a showing of bad faith or demonstrable error. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

**"Trading Day"** means any day on which the New York Stock Exchange is open for business.

(d) Mechanics of Exercise.

i. Authorization of Warrant Shares. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and the payment of the Exercise Price, be duly authorized, validly issued, fully paid and

nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof.

ii. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the transfer agent of the Company to the Holder by crediting the account of the Holder's prime broker with the Depository Trust Company through its Deposit Withdrawal Agent Commission ("**DWAC**") system if the Company is a participant in such system, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise, within five Trading Days of the Exercise Date (the "**Warrant Share Delivery Date**").

This Warrant shall be deemed to have been exercised on the Exercise Date. The Warrant Shares shall be deemed to have been issued, and Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the Exercise Date.

iii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical to this Warrant.

iv. Rescission Rights. If the Company fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Shares pursuant to Section 2(d)(ii) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional shares that would otherwise be issuable, the number of Warrant Shares to be issued shall be rounded down to the next whole number and the Company shall pay Holder in cash the fair market value of such fractional share (based on the Closing Sale Price).

vi. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder (or Holder's assigns) for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; *provided*, however, that in the event some or all of the certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder; and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental to the issuance of such Warrant Shares in a name other than Holder.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant pursuant to the terms hereof.

### **Section 3. Certain Adjustments.**

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company

upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case, the number of Warrant Shares shall be increased so that immediately following such event this Warrant shall be exercisable for the same percentage of the outstanding Common Stock as it was immediately prior to such event. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date in the case of a dividend or distribution, or the effective date in the case of a subdivision, combination or re-classification, as applicable.

(b) **Fundamental Transaction.** If, at any time while this Warrant is outstanding the Company effects or authorizes any: (i) merger or consolidation of the Company with or into another Person, (ii) sale of all or substantially all of its assets in one or a series of related transactions, (iii) tender offer or exchange offer (whether by the Company or another Person) pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each, a “**Fundamental Transaction**”), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant without regard to any limitations on exercise contained herein (the “**Alternate Consideration**”). If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder’s right to exercise such warrant into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is affected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3(b) and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(c) **Anti-Dilution.** If the Company, at any time while this Warrant is outstanding, issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock (as defined below) for an Effective Price (as defined below) less than \$0.04 per share, the number of Warrant Shares exercisable under this Warrant shall be increased to such number of shares as is equal to the product of: (A) the original number of Warrant Shares, *multiplied by* (B) the Warrant Multiplier.

For the purposes of this subsection (c):

“**Additional Shares of Common Stock**” means any shares of Common Stock issued or sold by the Company after the Original Issue Date of this Warrant, whether or not subsequently reacquired or retired by the Company, including, but not limited to, shares of Common Stock issued (A) for consideration other than cash pursuant to a bona fide merger, consolidation, acquisition or similar business combination, (B) in connection with strategic transactions, including licensing, collaboration or joint venture agreements, or (C) in exchange for the discharge, conversion, satisfaction or settlement of any Company debt or other liability (including, but not limited to, indebtedness of the Company created by the Credit Agreement).

“**Conversion Factor**” means the quotient of (A) the sum of (1) the number of shares of Common Stock outstanding immediately prior to such dilutive issuance or sale (on a fully diluted basis) *plus* (2) the number of shares of Common Stock which the aggregate consideration received for the Additional Shares of Common Stock so issued or sold would have purchased at a price per share equal to \$0.04, *divided by* (B) the sum of (1) the number of shares of Common Stock outstanding

immediately prior to such dilutive issuance or sale (on a fully diluted basis) *plus* (2) the number of shares of Common Stock so issued or sold at the dilutive price.

“**Effective Price**” means the quotient of (A) the total number of Additional Shares fo Common Stock issued, *divided by* (B) the aggregate consideration received in exchange for such issuance.

“**Warrant Multiplier**” means the quotient of: (A) \$0.04, *divided by* (B) the product of (1) \$0.04 *multiplied by* (2) the Conversion Factor.

(d) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

(e) Notice to Holders.

i. Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 3, the Company at its expense will promptly notify the Holder of the applicable adjustment, compute such adjustment, in good faith, and in accordance with the terms of this Warrant, and deliver a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities, cash or property issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based.

ii. Notice of Corporate Events. If the Company (A) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including, without limitation, any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any subsidiary; (B) authorizes, approves or enters into any agreement contemplating, or solicits stockholder approval for, any Fundamental Transaction; (C) authorizes the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company; then, in each case, the Company shall give notice of such fact to the Holder at least twenty (20) calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction.

#### **Section 4. Warrant Registry and Transfers.**

(a) Warrant Registry. The Company shall register this Warrant, upon the records to be maintained by the Company for that purpose (the “**Warrant Registry**”), in the name of the Holder, or, as the case may be, any registered assignee to which this Warrant is permissibly assigned hereunder.

(b) Transfers. Subject to compliance with all applicable securities laws, the Company shall register the transfer of all or any portion of this Warrant in the Warrant Registry, upon delivery to the Company of (i) this Warrant; (ii) a completed and duly executed Assignment of Warrant in the form attached hereto as **Exhibit B**; (iii) a written statement by transferee certifying that transferee is an “accredited investor” as defined in Rule 501(A) under the Securities Act; and (iv) at the Company’ s request, an opinion of counsel reasonably satisfactory to the Company to the effect that the transfer may be made pursuant to an available exemption from the registration requirements of the Securities Act and all applicable state securities or blue sky laws. Upon such registration of transfer, a new warrant to purchase Common Stock in substantially the form of this Warrant (any such new warrant, a “**New Warrant**”) evidencing the portion of this Warrant so transferred shall be issued to the transferee, and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder.

(c) Transfer Restrictions; Warrant Shares By the acceptance hereof, the Holder agrees that during any period of 30 consecutive Trading Days it shall not sell on any Trading Market on which the Common Stock is then listed or traded such number of Warrant Shares as is greater than 20% of the trading volume of the Common Stock on the principal trading market of the Common Stock during the immediately preceding 30 Trading Days; provided, that, if, at any time after the date hereof, the Company agrees with any of its or its Affiliates' then executive officers or directors or any Person who then beneficially owns more than 5.00% of the outstanding Common Stock (any of the foregoing being a "Significant Stockholder") to a limitation on the sale of Common Stock that is less restrictive to such Significant Stockholder than the forgoing restriction set forth herein with respect to the Holder, the foregoing restriction with respect to the Holder shall automatically, and without any action by the Company or the Holder, be deemed to be modified to conform to such less restrictive limitation, which less restrictive limitation shall remain in effect until such time, if any, that the Company agrees to a further less restrictive provision with any Significant Holder. The Company shall notify the Holder not later than two Trading Days after it has entered into with a Significant Stockholder a limitation on the sale of Common Stock that is less restrictive to such Significant Stockholder than the restriction set forth (or deemed to be) set forth herein with respect to the Holder.

**Section 5: Redemption.**

(a) Redemption by Company: At any time during the period beginning on March 30, 2014 and ending on the Termination Date (the "**Redemption Period**"), the Company may elect to redeem this Warrant in its entirety and all Warrant Shares then remaining exercisable pursuant thereto by delivering notice of such election to Holder (the "**Company Election**"), and delivering payment to Holder in an amount equal to the Company Redemption Amount. Upon delivery of the Company Election and payment of the Company Redemption Amount, this Warrant, without the need for any further action on the part of any party, shall be and become void and of no value, and shall be terminated, removed from the Warrant Registry and considered no longer outstanding. The "**Company Redemption Amount**" shall be an amount equal *the greater* of: (i) for each Warrant Share, an amount equal to the average of the Common Stock's Closing Sale Prices for the five (5) consecutive Trading Days ending on the date immediately preceding the Company Election, *provided*, that trading volume of the Company's Common Stock on each of the preceding five (5) Trading Days was equal to or greater than 0.6% of the Company's total Common Stock outstanding during the same period, or (ii) the product of: (A) the Warrant Redemption EBITDA *multiplied by* (B) six and one half (6.5) *multiplied by* (C) the percentage ownership interest in the Company (on a fully diluted basis) represented by the Warrant Shares subject to the Company Election, *provided, that*:

- i. notwithstanding any calculation of the Company Election Amount pursuant to the formula set forth above, under no circumstances shall the amount payable to Holder pursuant to a Holder Election under this Section 5(a) be less than \$500,000;
- ii. in the event the Company Election Amount pursuant to the formula set forth above is between \$500,000 and \$1,000,000, the entire Company Election Amount shall be paid to Holder in cash; and
- iii. in the event the Company Election Amount pursuant to the formula set forth above is greater than \$1,000,000, an amount equal to \$1,000,000 shall be payable in cash, and with respect to any amount payable to Holder in excess of \$1,000,000, Holder shall have an election as to whether such excess amount is payable in cash or a number of shares of Common Stock equal to the amount over \$1,000,000, based on the Closing Sale Price at the time the Company Election is delivered.

(b) Redemption by Holder: At any time during the Redemption Period, Holder may elect to redeem this Warrant in its entirety and all Warrant Shares then remaining exercisable pursuant thereto by delivering notice of such election to the Company (the "**Holder Election**"). Within thirty (30) days of receipt of the Holder Election, the Company shall deliver payment to Holder in an amount equal to the Holder Redemption Amount. Upon delivery of the Holder Election and payment of the Company Redemption Amount, this Warrant, without the need for any further action on the part of any party, shall be and become void and of no value, and shall be terminated, removed from the Warrant Registry and

considered no longer outstanding. The “**Holder Election Amount**” shall be an amount equal to the product of: (A) Warrant Redemption EBITDA *multiplied by* (B) five and one half (5.5) *multiplied by* (C) the percentage ownership interest in the Company (on a fully diluted basis) represented by the Warrant Shares subject to the Holder Election, *provided, that*:

i. notwithstanding any calculation of the Holder Election Amount pursuant to the formula set forth above, under no circumstances shall the amount payable to Holder pursuant to a Holder Election under this section be less than \$500,000;

ii. in the event the calculation of the Holder Election Amount pursuant to the formula set forth above equals an amount greater than \$1,000,000, the amount payable to Holder pursuant to a Holder Election under this section shall be disbursed as follows:

A. \$1,000,000 in cash; and

B. a number of shares of Common Stock equal to the amount over \$1,000,000, based on the Closing Sale Price at the time the Holder Election is delivered;

*provided, further*, that in the event the foregoing payment of cash to Holder pursuant to a Holder Election would result in the Company having a Qualified Cash balance less than the greater of (i) \$500,000, or (ii) 25% of Warrant Redemption EBITDA, immediately after such payment is made, Holder or its assigns will finance a portion of the payment on the terms set forth, and as more particularly described, in Section 2.09 of the Credit Agreement.

For the purposes of this Warrant:

“**Warrant Redemption EBITDA**” means Consolidated EBITDA (as defined in the Credit Agreement) of the Company for the trailing twelve (12) month period ending on the last day of the immediately preceding fiscal quarter for which financing reports have been delivered. The parties acknowledge that, in computing Warrant Redemption EBITDA, Stock-Based Compensation, as defined in the Credit Agreement, will be limited to \$150,000 on a trailing twelve month basis.

#### **Section 6. Miscellaneous.**

(a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof.

(b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of this Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

(c) Action on Non-Trading Days. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then such action may be taken or such right may be exercised on the next succeeding Trading Day.

(d) Authorized Shares.

The Company covenants that during the period this Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant.

The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein



without violation of any applicable law or regulation, or of any requirements of any stock exchange or trading market upon which the Common Stock may be listed.

Except to the extent waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant, and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof. The Warrant Shares represent on the date hereof 2.5% of the outstanding Common Stock, calculated on a fully-diluted, as-if exercised basis.

(e) Governing Law; Jurisdiction; Waiver of Trial by Jury. IN ACCORDANCE WITH SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED EXCLUSIVELY IN THE STATE OF NEW YORK. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HERewith OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT. EACH PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO BORROWER AT ITS ADDRESS FOR NOTICES AS SET FORTH IN THE CREDIT AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE 10 DAYS AFTER SUCH MAILING. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. EACH PARTY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS WARRANT, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. COMPANY CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF HOLDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT HOLDER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. COMPANY HEREBY ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER ENTERING INTO THE UNDERLYING CREDIT AGREEMENT AND TRANSACTIONS FROM WHICH THIS WARRANT ARISES.

- (f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.
- (g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to Holder such amounts as shall be sufficient to cover any reasonable costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.
- (h) Notices. Any and all notices or other communications or deliveries hereunder (including, without limitation, any Exercise Notice, Company Election or Holder Election) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Credit Agreement prior to 5:30 P.M., New York City time, on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Credit Agreement on a day that is not a Trading Day or later than 5:30 P.M., New York City time, on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service specifying next business day delivery, or (iv) upon actual receipt by the party to whom such notice is required to be given, if by hand delivery. The address and facsimile number of a party for such notices or communications shall be as set forth in the Credit Agreement unless changed with two (2) Trading Days' prior notice.
- (i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.
- (j) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.
- (k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.
- (l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.
- (m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.
- (n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed on the date first written above.

**CORNERWORLD CORPORATION**

By: /s/ Scott N. Beck

Scott Beck

Chairman and Chief Executive Officer

**EXHIBIT A  
NOTICE OF EXERCISE**

TO: CORNERWORLD CORPORATION

- (1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.
- (2) Payment shall take the form of (check applicable box):
- lawful money of the United States; or
- the issuance of \_\_\_\_\_ shares of Common Stock in accordance the Cashless Exercise Right formula set forth in Section 2(c) of the Warrant.
- (3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

\_\_\_\_\_  
\_\_\_\_\_

- (4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_

*Signature of Authorized Signatory of Investing Entity* : \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**ASSIGNMENT OF WARRANT**

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (the "**Transferee**") the right represented by the within Warrant to purchase \_\_\_\_\_ shares of Common Stock of CornerWorld Corporation (the "**Company**") to which the within Warrant relates. In connection therewith, the undersigned represents, warrants, covenants and agrees to and with the Company that:

- (a) the offer and sale of this Warrant contemplated hereby is being made in compliance with Section 4(1) of the United States Securities Act of 1933, as amended (the "**Securities Act**") or another valid exemption from the registration requirements of Section 5 of the Securities Act and in compliance with all applicable securities laws of the states of the United States;
- (b) the undersigned has not offered to sell the Warrant by any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, and any seminar or meeting whose attendees have been invited by any general solicitation or general advertising;
- (c) the undersigned has reviewed Transferee' s Accredited Investor Certification delivered herewith, and has no reason to believe it is not true and accurate; and
- (d) the undersigned understands that the Company may condition the transfer of the Warrant contemplated hereby upon the delivery to the Company by the undersigned or the Transferee, as the case may be, of a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable securities laws of the states of the United States.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

Address of Transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Exhibit 10.6

**PLEDGE AND SECURITY AGREEMENT**

THIS PLEDGE AND SECURITY AGREEMENT (this "Agreement"), dated as of March 30, 2011, is made by each of the Grantors referred to below, in favor of Emerald Crest Management Company, LLC, a Delaware limited liability company, in its capacity as agent for the Secured Parties referred to below (in such capacity, together with its successors and assigns in such capacity, if any, the "Agent").

**WITNESSETH:**

WHEREAS, S Squared, L.L.C., an Illinois limited liability company ("S Squared"), Enversa Companies LLC, a Texas limited liability company ("Enversa" and, together with S Squared, each a "Borrower" and, jointly, the "Borrowers"), each Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guaranties all or any part of the Obligations (each a "Guarantor" and collectively, the "Guarantors", and together with the Borrowers and each other Person that executes this Agreement or a supplement hereto and becomes an "Additional Grantor" hereunder, each a "Grantor" and collectively, the "Grantors"), Sovereign - Emerald Crest Capital Partners II, LP, and Pacific Specialty Insurance Company (each a "Lender" and collectively, the "Lenders"), and the Agent are parties to that certain Credit Agreement dated as of the date hereof (such agreement, as amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, being hereinafter referred to as the "Credit Agreement"); WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make certain loans (the "Loans") to the Borrowers;

WHEREAS, it is a condition precedent to the Lenders making the Loans and providing any other financial accommodation to the Borrowers pursuant to the Credit Agreement that each Grantor shall have executed and delivered to the Agent a pledge to the Agent, for the benefit of the Secured Parties, and the grant to the Agent, for the benefit of the Secured Parties, of (a) a security interest in and Lien on the outstanding shares of Capital Stock (as defined in the Credit Agreement) and indebtedness from time to time owned by such Grantor of each Person now or hereafter existing and in which such Grantor has any interest at any time, and (b) a security interest in all other personal property and fixtures of such Grantor; and

WHEREAS, each Grantor has determined that the execution, delivery and performance of this Agreement directly benefit, and are in the best interest of, such Grantor;

NOW, THEREFORE, in consideration of the premises and the agreements herein and in order to induce the Agent and the Lenders to make and maintain the Loans and to provide other financial accommodations to the Borrowers pursuant to the Credit Agreement, the Grantors hereby jointly and severally agree with the Agent, for the benefit of the Secured Parties, as follows:

---

SECTION 1. Definitions.

(a) Reference is hereby made to the Credit Agreement for a statement of the terms thereof. All capitalized terms used in this Agreement and the recitals hereto which are defined in the Credit Agreement or in Article 8 or 9 of the Uniform Commercial Code as in effect from time to time in the State of New York (the "Code") and which are not otherwise defined herein shall have the same meanings herein as set forth therein; provided that terms used herein which are defined in the Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as the Agent may otherwise determine.

(b) The following terms shall have the respective meanings provided for in the Code: "Accounts", "Account Debtor", "Cash Proceeds", "Certificate of Title", "Chattel Paper", "Commercial Tort Claim", "Commodity Account", "Commodity Contracts", "Deposit Account", "Documents", "Electronic Chattel Paper", "Equipment", "Fixtures", "General Intangibles", "Goods", "Instruments", "Inventory", "Investment Property", "Letter-of-Credit Rights", "Noncash Proceeds", "Payment Intangibles", "Proceeds", "Promissory Notes", "Record", "Security Account", "Software", "Supporting Obligations" and "Tangible Chattel Paper".

(c) As used in this Agreement, the following terms shall have the respective meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

"Additional Collateral" has the meaning specified therefor in Section 4(a)(i) hereof.

"Certificated Entities" has the meaning specified therefor in Section 5(o) hereof.

"Copyright Licenses" means all licenses, contracts or other agreements, whether written or oral, naming any Grantor as licensee or licensor and providing for the grant of any right to use or sell any works covered by any Copyright (including, without limitation, all Copyright Licenses set forth in Schedule II hereto).

"Existing Issuer" has the meaning specified therefor in the definition of the term "Pledged Shares".

"Intellectual Property" means all U.S. and non-U.S. (i) published and unpublished works of authorship (including, without limitation, computer software), copyrights therein and thereto, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof, including, without limitation, all copyright registrations and applications listed in Schedule II hereto (collectively, "Copyrights"); (ii) inventions, discoveries, ideas and all patents, registrations, and applications therefor, including, without limitation, divisions, continuations, continuations-in-part and renewal applications, and all renewals, extensions and reissues, including, without limitation, all patents and patent applications listed in Schedule II hereto (collectively, "Patents"); (iii) trademarks, service marks, brand names, certification marks, collective marks, d/b/a's, Internet domain names, logos, symbols, trade dress, assumed names, fictitious names, trade names, and other indicia of origin, all applications and registrations for all

of the foregoing, and all goodwill associated therewith and symbolized thereby, and all extensions, modifications and renewals of same, including, without limitation, all trademark registrations and applications listed in Schedule II hereto (collectively, "Trademarks"); (iv) confidential and proprietary information, trade secrets and know-how, including, without limitation, processes, schematics, databases, formulae, drawings, prototypes, models, designs and customer lists (collectively, "Trade Secrets"); and (v) all other intellectual property or proprietary rights and claims or causes of action arising out of or related to any infringement, misappropriation or other violation of any of the foregoing, including, without limitation, rights to recover for past, present and future violations thereof (collectively, "Other Proprietary Rights").

"Licenses" means the Copyright Licenses, the Patent Licenses and the Trademark Licenses.

"Patent Licenses" means all licenses, contracts or other agreements, whether written or oral, naming any Grantor as licensee or licensor and providing for the grant of any right to manufacture, use or sell any invention covered by any Patent (including, without limitation, all Patent Licenses set forth in Schedule II hereto).

"Pledged Debt" means the indebtedness described in Schedule VII hereto and all indebtedness from time to time owned or acquired by a Grantor, the promissory notes and other Instruments evidencing any or all of such indebtedness, and all interest, cash, Instruments, Investment Property, financial assets, securities, Capital Stock, other equity interests, stock options and commodity contracts, notes, debentures, bonds, promissory notes or other evidences of indebtedness and all other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness.

"Pledged Interests" means, collectively, (a) the Pledged Debt, (b) the Pledged Shares and (c) all security entitlements in any and all of the foregoing.

"Pledged Issuer" has the meaning specified therefor in the definition of the term "Pledged Shares".

"Pledged Shares" means (a) the shares of Capital Stock described in Schedule VIII hereto, whether or not evidenced or represented by any stock certificate, certificated security or other Instrument, issued by the Persons described in such Schedule VIII (the "Existing Issuers"), (b) the shares of Capital Stock at any time and from time to time acquired by a Grantor of any and all Persons now or hereafter existing (such Persons, together with the Existing Issuers, being hereinafter referred to collectively as the "Pledged Issuers" and each individually as a "Pledged Issuer"), whether or not evidenced or represented by any stock certificate, certificated security or other Instrument, and (c) the certificates representing such shares of Capital Stock, all options and other rights, contractual or otherwise, in respect thereof and all dividends, distributions, cash, Instruments, Investment Property, financial assets, securities, Capital Stock, other equity interests, stock options and commodity contracts, notes, debentures, bonds, promissory notes or other evidences of indebtedness and all other property (including, without limitation, any stock dividend and any distribution in connection with a stock



split) from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Capital Stock.

"Secured Parties" means, collectively, the Agent and the Lenders.

"Secured Obligations" has the meaning specified therefor in Section 3 hereof.

"Titled Collateral" means all Collateral for which the title to such Collateral is governed by a Certificate of Title or certificate of ownership, including, without limitation, all motor vehicles for which the title to such motor vehicles is governed by a Certificate of Title or certificate of ownership.

"Trademark Licenses" means all licenses, contracts or other agreements, whether written or oral, naming any Grantor as licensor or licensee and providing for the grant of any right concerning any Trademark, together with any goodwill connected with and symbolized by any such trademark licenses, contracts or agreements (including, without limitation, all Trademark Licenses described in Schedule II hereto).

SECTION 2. Grant of Security Interest . As collateral security for the payment, performance and observance of all of the Secured Obligations, each Grantor hereby pledges and assigns to the Agent (and its agents and designees), and grants to the Agent (and its agents and designees), for the benefit of the Secured Parties, a continuing security interest in, all personal property and Fixtures of such Grantor, wherever located and whether now or hereafter existing and whether now owned or hereafter acquired, of every kind and description, tangible or intangible, including, without limitation, the following (all being collectively referred to herein as the "Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper (whether tangible or electronic);
- (c) the Commercial Tort Claims specified on Schedule VI;
- (d) all Deposit Accounts, all cash, and all other property from time to time deposited therein or otherwise credited thereto and the monies and property in the possession or under the control of the Agent or any Lender or any affiliate, representative, agent or correspondent of the Agent or any Lender;
- (e) all Documents;
- (f) all General Intangibles (including, without limitation, all Payment Intangibles, Intellectual Property and Licenses);
- (g) all Goods, including, without limitation, all Equipment, Fixtures and Inventory;
- (h) all Instruments (including, without limitation, all Promissory Notes);

- (i) all Investment Property (including the Securities Accounts and Commodity Accounts listed in more detail on Schedule IV attached hereto);
  - (j) all Letter-of-Credit Rights;
  - (k) all Pledged Interests;
  - (l) all Supporting Obligations;
  - (m) all other tangible and intangible personal property of such Grantor (whether or not subject to the Code), including, without limitation, all bank and other accounts and all cash and all investments therein, all proceeds, products, offspring, accessions, rents, profits, income, benefits, substitutions and replacements of and to any of the property of such Grantor described in the preceding clauses of this Section 2 hereof (including, without limitation, any proceeds of insurance thereon and all causes of action, claims and warranties now or hereafter held by such Grantor in respect of any of the items listed above), and all books, correspondence, files and other Records, including, without limitation, all tapes, disks, cards, Software, data and computer programs in the possession or under the control of such Grantor or any other Person from time to time acting for such Grantor that at any time evidence or contain information relating to any of the property described in the preceding clauses of this Section 2 hereof or are otherwise necessary or helpful in the collection or realization thereof; and
  - (n) all Proceeds, including all Cash Proceeds and Noncash Proceeds, and products of any and all of the foregoing Collateral;
- in each case, howsoever such Grantor's interest therein may arise or appear (whether by ownership, security interest, claim or otherwise).

Notwithstanding anything herein to the contrary, the term "Collateral" shall not include, and no Grantor is pledging, nor granting a security interest hereunder in, any of such Grantor's right, title or interest in any license to which such Grantor is a party as of the date hereof or any of its right, title or interest thereunder to the extent, but only to the extent, that such a grant would, under the express terms of such license on the date hereof result in a breach of the terms of, or constitute a default under, such license (other than to the extent that any such term (A) has been waived or (B) would be rendered ineffective pursuant to Section 9-408 of the Code or other applicable provisions of the Uniform Commercial Code of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity); provided, that (1) immediately upon the ineffectiveness, lapse, termination or waiver of any such provision, the Collateral shall include, and such Grantor shall be deemed to have granted a security interest in, all such right, title and interest as if such provision had never been in effect and (2) the foregoing exclusion shall in no way be construed so as to limit, impair or otherwise affect the Agent's unconditional continuing security interest in and liens upon any rights or interests of a Grantor in or to the proceeds of, or any monies due or to become due under, any such license.

**SECTION 3. Security for Secured Obligations.** The security interest created hereby in the Collateral constitutes continuing collateral security for all of the following obligations, whether now existing or hereafter incurred (the "Secured Obligations"):

- (a) the prompt payment by each Grantor, as and when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), of all amounts from time to time owing by it in respect of the Credit Agreement and/or the other Loan Documents, including, without limitation, (i) all Obligations, (ii) in the case of a Guarantor, all amounts from time to time owing by such Grantor in respect of its guaranty made pursuant to Article XI of the Credit Agreement or under any other Guaranty to which it is a party, including, without limitation, all obligations guaranteed by such Grantor, and (iii) all interest, fees, commissions, charges, expense reimbursements, indemnifications and all other amounts due or to become due under any Loan Document (including, without limitation, all interest, fees, commissions, charges, expense reimbursements, indemnifications and other amounts that accrue after the commencement of any Insolvency Proceeding of any Loan Party, whether or not the payment of such interest, fees, commissions, charges, expense reimbursements, indemnifications and other amounts are unenforceable or are not allowable, in whole or in part, due to the existence of such Insolvency Proceeding); and
- (b) the due performance and observance by each Grantor of all of its other obligations from time to time existing in respect of the Loan Documents.

SECTION 4. Delivery of the Pledged Interests.

(a) (i) All (i) promissory notes currently evidencing the Pledged Debt shall be delivered to the Agent and (ii) all certificates currently representing the Pledged Shares shall be delivered (within the meaning of Section 8-301 of the Code) to the Agent on or prior to the execution and delivery of this Agreement. All other promissory notes, certificates and Instruments constituting Pledged Interests from time to time (the "Additional Collateral") shall be delivered to the Agent promptly upon, but in any event within fifteen (15) days of, receipt thereof by or on behalf of any of the Grantors.

All such promissory notes, certificates and Instruments shall be held by or on behalf of the Agent pursuant hereto and shall be delivered in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment or undated stock powers executed in blank, all in form and substance reasonably satisfactory to the Agent. If any Pledged Interests consists of uncertificated securities, unless the immediately following sentence is applicable thereto, such Grantor shall cause the Agent (or its custodian, nominee or other designee) to become the registered holder thereof, or cause each issuer of such securities to agree that it will comply with instructions originated by the Agent with respect to such securities without further consent by such Grantor. If any Pledged Interests consists of security entitlements, such Grantor shall transfer such security entitlements to the Agent (or its custodian, nominee or other designee), or cause the applicable securities intermediary to agree that it will comply with entitlement orders by the Agent without further consent by such Grantor.

(iii) Within 15 days of the receipt by a Grantor of any Additional Collateral, such Grantor shall deliver to the Agent a Pledge Amendment, duly executed by such Grantor, in substantially the form of Exhibit A hereto (a "Pledge Amendment"), in respect of such Additional Collateral. Each Pledge Amendment shall from and after delivery thereof constitute part of Schedules VII and VIII hereto. Each Grantor hereby authorizes the Agent to attach each Pledge Amendment to this Agreement and agrees that all promissory notes, certificates or Instruments listed on any Pledge Amendment delivered to the

Agent shall for all purposes hereunder constitute Pledged Interests, and such Grantor shall be deemed upon delivery thereof to have made the representations and warranties set forth in Section 5 hereof with respect to such Additional Collateral.

(b) If any Grantor shall receive, by virtue of such Grantor's being or having been an owner of any Pledged Interests, any (i) stock certificate (including, without limitation, any certificate representing a stock dividend or distribution in connection with any increase or reduction of capital, reclassification, merger, consolidation, sale of assets, combination of shares, stock split, spin-off or split-off), promissory note or other Instrument, (ii) option or right, whether as an addition to, substitution for, or in exchange for, any Pledged Interests, or otherwise, (iii) dividends payable in cash (except such dividends permitted to be retained by any such Grantor pursuant to Section 7 hereof) or in securities or other property or (iv) dividends, distributions, cash, Instruments, Investment Property and other property in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, such Grantor shall receive such stock certificate, promissory note, Instrument, option, right, payment or distribution in trust for the benefit of the Agent, shall segregate it from such Grantor's other property and shall deliver it forthwith to the Agent, in the exact form received, with any necessary endorsement and/or appropriate stock powers duly executed in blank, to be held by the Agent as Pledged Interests and as further collateral security for the Secured Obligations.

**SECTION 5. Representations and Warranties.** Each Grantor jointly and severally represents and warrants as follows:

(a) Schedule I hereto sets forth (i) the exact legal name of each Grantor, (ii) the state or jurisdiction of organization of each Grantor, (iii) the type of organization of each Grantor and (iv) the organizational identification number of each Grantor or states that no such organizational identification number exists.

(b) This Agreement is, and each other Loan Document to which any Grantor is or will be a party, when executed and delivered, will be, a legal, valid and binding obligation of such Grantor, enforceable against such Grantor in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws.

(c) There is no pending or, to the best knowledge of any Grantor, threatened action, suit, proceeding or claim before any court or other Governmental Authority or any arbitrator, or any order, judgment or award by any court or other Governmental Authority or any arbitrator, that may adversely affect the grant by any Grantor, or the perfection, of the security interest purported to be created hereby in the Collateral, or the exercise by the Agent of any of its rights or remedies hereunder.

(d) All Equipment, Fixtures, Inventory and other Goods now existing are, and all Equipment, Fixtures, Inventory and other Goods hereafter existing will be, located at the addresses specified therefor in Schedule III hereto (as amended, supplemented or otherwise modified from time to time in accordance with Section 6(b)). Each Grantor's chief place of business and chief executive office, the place where such Grantor keeps its Records concerning

Accounts and all originals of all tangible Chattel Paper, negotiable Documents and Instruments are located at the addresses specified therefor in Schedule III hereto (as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof). None of the Accounts is evidenced by Promissory Notes or other Instruments. Set forth in Schedule IV hereto is a complete and accurate list, as of the date of this Agreement, of each Deposit Account, Securities Account and Commodities Account of each Grantor, together with the name and address of each institution at which each such Account is maintained, the account number for each such Account and a description of the purpose of each such Account. Set forth in Schedule II hereto is (i) a complete and correct list of each trade name used by each Grantor and (ii) the name of, and each trade name used by, each Person from which such Grantor has acquired any substantial part of the Collateral within five years of the date hereof.

(e) Schedule II hereto sets forth a true and complete list of all Licenses owned or used by each Grantor as the date hereof. Each Grantor has delivered to the Agent complete and correct copies of each such License, including all schedules and exhibits thereto. Each such License sets forth the entire agreement and understanding of the parties thereto relating to the subject matter thereof, and there are no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby or the rights of any Grantor or any of its Affiliates in respect thereof. Each License now existing is, and each other License will be, the legal, valid and binding obligation of the parties thereto, enforceable against such parties in accordance with its terms. No default under any License by any such party has occurred, nor does any defense, offset, deduction or counterclaim exist thereunder in favor of any such party. No party to any License has given any Grantor notice of its intention to cancel, terminate or fail to renew any License.

(f) (i) Each Grantor owns and controls, or otherwise possesses adequate rights to use, all Intellectual Property necessary to conduct its business in substantially the same manner as conducted as of the date hereof. Schedule II hereto sets forth a true and complete list of all issued, registered, renewed, applied-for or otherwise material Intellectual Property owned or used by each Grantor as of the date hereof. All such Intellectual Property is valid, subsisting and enforceable, has not been abandoned in whole or in part and is not subject to any outstanding order, judgment or decree restricting its use or adversely affecting any Grantor's rights thereto. Except as set forth in Schedule II hereto, no such Intellectual Property is the subject of any licensing or franchising agreement.

(ii) To the best of each Grantor's knowledge, no Grantor is violating or has violated any Intellectual Property rights. There are no suits, actions, reissues, reexaminations, public protests, interferences, arbitrations, mediations, oppositions, cancellations, Internet domain name dispute resolutions or other proceedings (collectively, "Suits") pending, decided, or to the best of each Grantor's knowledge, threatened or asserted, concerning any claim or position that a Grantor or any of its indemnitees have violated any Intellectual Property rights. There are no Suits or claims pending, decided, or to the best of each Grantor's knowledge, threatened or asserted, concerning the Intellectual Property owned or controlled by a Grantor, and, to the best of each Grantor's knowledge, no valid basis for any such Suits or claims exists. There are no Suits or claims pending, decided, or to the best of each Grantor's knowledge, threatened or asserted, concerning the Licenses or the right of any Grantor to use the Licenses, and no valid basis for any such Suits or claims exists.

(g) To the best of each Grantor's knowledge, none of the Other Proprietary Rights or Trade Secrets of any Grantor have been used, divulged, disclosed or appropriated to the detriment of such Grantor for the benefit of any other Person other than such Grantor; no employee, independent contractor or agent of any Grantor has misappropriated any Other Proprietary Rights or Trade Secrets of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor; and no employee, independent contractor or agent of any Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement, or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property Collateral.

(h) The Existing Issuers set forth in Schedule VIII identified as a Subsidiary of a Grantor are each such Grantor's only Subsidiaries existing on the date hereof. The Pledged Shares have been duly authorized and validly issued, are fully paid and nonassessable, and the holders thereof are not entitled to any preemptive, first refusal or other similar rights. Except as noted in Schedule VIII hereto, the Pledged Shares constitute 100% of the issued shares of Capital Stock of the Pledged Issuers as of the date hereof. All other shares of Capital Stock constituting Pledged Interests will be duly authorized and validly issued, fully paid and nonassessable.

(i) The promissory notes currently evidencing the Pledged Debt have been, and all other promissory notes from time to time evidencing Pledged Debt, when executed and delivered, will have been, duly authorized, executed and delivered by the respective makers thereof, and all such promissory notes are or will be, as the case may be, legal, valid and binding obligations of such makers, enforceable against such makers in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws.

(j) The Grantors are and will be at all times the sole and exclusive owners of, or otherwise have and will have adequate rights in, the Collateral free and clear of any Lien except for the Permitted Liens. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording or filing office except such as may have been filed to perfect or protect any Permitted Lien.

(k) The exercise by the Agent of any of its rights and remedies hereunder will not contravene any law or any contractual restriction binding on or otherwise affecting any Grantor or any of its properties and will not result in, or require the creation of, any Lien upon or with respect to any of its properties.

(l) Other than any approvals needed from the FCC and other regulatory agencies with regards to the transfer of ownership for Phone Services & More, L.L.C. and T2 Communications, L.L.C., no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or any other Person, is required for (i) the due execution, delivery and performance by any Grantor of this Agreement, (ii) the grant by any Grantor of the security interest purported to be created hereby in the Collateral or (iii) the exercise by the Agent of any of its rights and remedies hereunder, except, in the case of this clause (iii), as may be required in connection with any sale of any Pledged Interests by laws

affecting the offering and sale of securities generally. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or any other Person, is required for the perfection of the security interest purported to be created hereby in the Collateral, except (A) for the filing under the Uniform Commercial Code as in effect in the applicable jurisdiction of the financing statements described in Schedule V hereto, all of which financing statements have been duly filed and are in full force and effect, (B) with respect to the perfection of the security interest created hereby in the United States Intellectual Property and Licenses, for the recording of the appropriate Assignment for Security, substantially in the form of Exhibit B hereto in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, (C) with respect to the perfection of the security interest created hereby in foreign Intellectual Property and Licenses, for registrations and filings in jurisdictions located outside of the United States and covering rights in such jurisdictions relating to such foreign Intellectual Property and Licenses, (D) with respect to the perfection of the security interest created hereby in Titled Collateral, for the submission of an appropriate application requesting that the Lien of the Agent be noted on the Certificate of Title or certificate of ownership, completed and authenticated by the applicable Grantor, together with the Certificate of Title or certificate of ownership, with respect to such Titled Collateral, to the appropriate Governmental Authority, (E) with respect to any action that may be necessary to obtain control of Collateral constituting Deposit Accounts, Electronic Chattel Paper, Investment Property or Letter-of-Credit Rights, the taking of such actions, and (F) the Agent's having possession of all Documents, Chattel Paper, Instruments and cash constituting Collateral (subclauses (A), (B), (C), (D), (E) and (F), each a "Perfection Requirement" and collectively, the "Perfection Requirements").

(m) This Agreement creates a legal, valid and enforceable security interest in favor of the Agent, for the benefit of the Secured Parties, in the Collateral, as security for the Secured Obligations. The Perfection Requirements result in the perfection of such security interests. Such security interests are, or in the case of Collateral in which any Grantor obtains rights after the date hereof, will be, perfected, first priority security interests, subject in priority only to the Permitted Liens that, pursuant to the definition of the term "Permitted Liens", are not prohibited from being prior to the Liens in favor of the Agent, for the benefit of the Secured Parties. Such Perfection Requirements and all other action necessary or desirable to perfect and protect such security interest have been duly made or taken, except for (i) the Agent's having possession of all Instruments, Documents, Chattel Paper and cash constituting Collateral after the date hereof, and (ii) the Agent's having control of all Deposit Accounts, Electronic Chattel Paper, Investment Property or Letter-of-Credit Rights constituting Collateral after the date hereof, and (iii) the other filings and recordations and actions described in Section 5(l) hereof.

(n) As of the date hereof, no Grantor holds any Commercial Tort Claims or is aware of any such pending claims, except for such claims described in Schedule VI.

(o) With respect to each Grantor and its Subsidiaries that is a partnership or a limited liability company, each such Person has irrevocably opted into (and has caused each of its Subsidiaries that is a partnership or a limited liability company, and a Pledged Issuer to opt into) Article 8 of the Uniform Commercial Code (collectively, the "Certificated Entities"). Such interests are securities for purposes of Article 8 of any relevant Uniform

Commercial Code. With respect to each Grantor and its Subsidiaries that is a partnership or a limited liability and is not a Certificated Entity, the partnership interests or membership interests of each such Person is not (A) dealt in or traded on securities exchanges or in securities markets, (B) securities for purposes of Article 8 of any relevant Uniform Commercial Code, (C) investment company securities within the meaning of Section 8-103 of any relevant Uniform Commercial Code and (D) evidenced by a certificate. Such partnership interests or membership interests constitute General Intangibles.

(p) With respect to U.S. Patent No. 5,946,623 (the "Ranger Patent"), S Squared (and only S Squared) represents and warrants that (i) the Ranger Patent is not now and has not been the subject of any litigation or other legal proceedings; (ii) S Squared has received any notice from any third party challenging the validity of the Ranger Patent; (iii) no licensee under the Ranger Patent has made a claim that the Ranger Patent is invalid or not infringed by the activities of the licensee; (iv) no licensee under the Ranger Patent is in material default under its license and each licensee under the Ranger Patent is current in all royalty payments due under its license; and (v) other than the disclosures made by Grantors to Agent regarding various cellular operators' potential infringement of the Ranger Patent, S Squared is not aware of any additional infringement of the Ranger Patent by any unlicensed person.

(q) Attached hereto as Schedule IX is a complete (i) list of all Persons that have received licenses of the Ranger Patent; (ii) list of the licenses of the Ranger Patent that are currently in effect; (iii) list of the licenses that have terminated or have expired or that S Squared has received notice of termination or that, per the terms of the license, are set to expire before the expiration of the Ranger Patent, and the date of termination or expiration; and (iv) schedule of the annual earned royalties paid by each licensee of the Ranger Patent in the last five years. S Squared (and only S Squared) represents and warrants that the information contained in Schedule IX is accurate and complete in all respects.

**SECTION 6. Covenants as to the Collateral.** So long as any of the Secured Obligations (whether or not due) shall remain unpaid or any Lender shall have any Commitment under the Credit Agreement, unless the Agent shall otherwise consent in writing:

(a) **Further Assurances.** Each Grantor will at its expense, at any time and from time to time, promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable or that the Agent may request in order (i) to perfect and protect, or maintain the perfection of, the security interest and Lien purported to be created hereby; (ii) to enable the Agent to exercise and enforce its rights and remedies hereunder in respect of the Collateral; or (iii) otherwise to effect the purposes of this Agreement, including, without limitation: (A) marking conspicuously all Chattel Paper, Instruments and Licenses and, at the request of the Agent, all of its Records pertaining to the Collateral with a legend, in form and substance satisfactory to the Agent, indicating that such Chattel Paper, Instrument, License or Collateral is subject to the security interest created hereby, (B) if any Account shall be evidenced by a Promissory Note or other Instrument or Chattel Paper, delivering and pledging to the Agent such Promissory Note, other Instrument or Chattel Paper, duly endorsed and accompanied by executed instruments of transfer or assignment, all in form and substance satisfactory to the Agent, (C) executing and filing (to the extent, if any, that such Grantor's signature is required thereon) or authenticating the filing of, such financing or



continuation statements, or amendments thereto, (D) with respect to Intellectual Property hereafter existing and not covered by an appropriate security interest grant, the executing and recording in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, appropriate instruments granting a security interest, as may be necessary or desirable or that the Agent may request in order to perfect and preserve the security interest purported to be created hereby, (E) delivering to the Agent irrevocable proxies in respect of the Pledged Interests, (F) furnishing to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail, (G) to the extent required by the terms of the Credit Agreement, if any Collateral shall be in the possession of a third party, notifying such Person of the Agent's security interest created hereby and obtaining a written agreement, in form and substance satisfactory to the Agent, providing access to such Collateral in order to remove such Collateral from such premises during an un-cured Event of Default and acknowledging that such Person holds possession of the Collateral for the benefit of the Agent, (H) if at any time after the date hereof, any Grantor acquires or holds any Commercial Tort Claim, immediately notifying the Agent in a writing signed by such Grantor setting forth a brief description of such Commercial Tort Claim and granting to the Agent a security interest therein and in the "Net Proceeds" (defined as gross proceeds of claim less the amount that represents reasonable attorney's fees, expenses and costs of the litigation in pursuing said Commercial Tort Claim) thereof, which writing shall incorporate the provisions hereof and shall be in form and substance satisfactory to the Agent, (I) upon the acquisition after the date hereof by any Grantor of any Titled Collateral (other than Equipment that is subject to a purchase money security interest permitted by Section 7.02(a) of the Credit Agreement), immediately notifying the Agent of such acquisition, setting forth a description of the Titled Collateral acquired and a good faith estimate of the current value of such Titled Collateral, and if so requested by the Agent, immediately causing the Agent to be listed as the lienholder on such Certificate of Title or certificate of ownership and delivering evidence of the same to the Agent, and (I) taking all actions required by law in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction. No Grantor shall take or fail to take any action which would in any manner impair the validity or enforceability of the Agent's security interest in and Lien on any Collateral.

(b) Location of Equipment and Inventory. Each Grantor will keep the Equipment and Inventory (other than Equipment and Inventory sold in the ordinary course of business in accordance with Section 6(h) hereof) at the locations specified in Schedule III hereto or, upon not less than thirty (30) days' prior written notice to the Agent accompanied by a new Schedule III hereto indicating each new location of the Equipment and Inventory, at such other locations in the continental United States as the Grantors may elect, provided that (i) all action has been taken to grant to the Agent a perfected, first priority security interest in such Equipment and Inventory (subject in priority only to Permitted Liens that, pursuant to the definition of the term "Permitted Liens", are not prohibited from being prior to the Liens in favor of the Agent), for the benefit of the Secured Parties, and (ii) the Agent's rights in such Equipment and Inventory, including, without limitation, the existence, perfection and priority of the security interest created hereby in such Equipment and Inventory, are not adversely affected thereby.

(c) Condition of Equipment. Each Grantor will maintain or cause the Equipment which is necessary or useful in the proper conduct of its business to be maintained

and preserved in good condition, repair and working order as when acquired and in accordance with any manufacturer's manual, ordinary wear and tear excepted, and will forthwith, or in the case of any loss or damage to any Equipment promptly after the occurrence thereof, make or cause to be made all repairs, replacements and other improvements in connection therewith which are necessary or desirable, consistent with past practice, or which the Agent may reasonably request to such end.

(d) Taxes, Etc. Each Grantor jointly and severally agrees to pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment and Inventory, except to the extent otherwise provided in the Credit Agreement.

(e) Insurance. Each Grantor will, at its own expense, maintain insurance with respect to the Collateral in accordance with the terms of the Credit Agreement. Each Grantor will, if so requested by the Agent, deliver to the Agent original or duplicate insurance policies and, as often as the Agent may reasonably request, a report of a reputable insurance broker with respect to such insurance. Each Grantor will also, at the request of the Agent, execute and deliver instruments of assignment of such insurance policies and cause the respective insurers to acknowledge notice of such assignment.

(f) Provisions Concerning the Accounts and the Licenses.

(i) Each Grantor will, except as otherwise provided in this subsection (f), continue to collect, at its own expense, all amounts due or to become due under the Accounts. In connection with such collections, each Grantor may (and, at the Agent's direction, will) take such action as such Grantor (or, if applicable, the Agent) may deem necessary or advisable to enforce collection or performance of the Accounts; provided, however, that the Agent shall have the right at any time, upon the occurrence and during the continuance of an Event of Default, to notify the Account Debtors or obligors under any Accounts of the assignment of such Accounts to the Agent and to direct such Account Debtors or obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to the Agent or its designated agent and, upon such notification and at the expense of such Grantor and to the extent permitted by law, to enforce collection of any such Accounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. After receipt by any Grantor of a notice from the Agent that the Agent has notified, intends to notify, or has enforced or intends to enforce a Grantor's rights against the Account Debtors or obligors under any Accounts as referred to in the proviso to the immediately preceding sentence, (A) all amounts and proceeds (including Instruments) received by such Grantor in respect of the Accounts shall be received in trust for the benefit of the Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Agent or its designated agent in the same form as so received (with any necessary endorsement) to be held as cash collateral and either (x) credited to the Loan Account so long as no Event of Default shall have occurred and be continuing or (y) if any Event of Default shall have occurred and be continuing, applied as specified in Section 9(d) hereof, and (B) such Grantor will not adjust, settle or compromise the amount or payment of any Account or release wholly or partly any Account Debtor or obligor thereof or allow any credit or discount thereon. In addition, upon the occurrence and during the continuance of an Event of Default, the Agent

may (in its sole and absolute discretion) direct any or all of the banks and financial institutions with which any Grantor either maintains a Deposit Account or a lockbox or deposits the proceeds of any Accounts to send immediately to the Agent or its designated agent by wire transfer (to such account as the Agent shall specify, or in such other manner as the Agent shall direct) all or a portion of such securities, cash, investments and other items held by such institution. Any such securities, cash, investments and other items so received by the Agent or its designated agent shall (in the sole and absolute discretion of the Agent) be held as additional Collateral for the Secured Obligations or distributed in accordance with Section 9 hereof.

(ii) Upon the occurrence and during the continuance of any breach or default under any License by any party thereto other than a Grantor, (A) the relevant Grantor will, promptly after obtaining knowledge thereof, give the Agent written notice of the nature and duration thereof, specifying what action, if any, it has taken and proposes to take with respect thereto, (B) no Grantor will, without the prior written consent of the Agent, declare or waive any such breach or default or affirmatively consent to the cure thereof or exercise any of its remedies in respect thereof, and (C) each Grantor will, upon written instructions from the Agent and at such Grantor's expense, take such action as the Agent may deem necessary or advisable in respect thereof.

(iii) Each Grantor will, at its expense, promptly deliver to the Agent a copy of each notice or other communication received by it by which any other party to any License (A) declares a breach or default by a Grantor of any material term thereunder, (B) terminates such License or (C) purports to exercise any of its rights or affect any of its obligations thereunder, together with a copy of any reply by such Grantor thereto.

(iv) Each Grantor will exercise promptly and diligently each and every right which it may have under each License (other than any right of termination) and will duly perform and observe in all respects all of its obligations under each License and will take all action necessary to maintain the Licenses in full force and effect. No Grantor will, without the prior written consent of the Agent, cancel, terminate, amend or otherwise modify in any respect, or waive any provision of, any License.

(g) Provisions Concerning the Pledged Interests. Each Grantor will:

(i) at the Grantors' joint and several expense, promptly deliver to the Agent a copy of each notice or other communication received by it in respect of the Pledged Interests;

(ii) at the Grantors' joint and several expense, defend the Agent's right, title and security interest in and to the Pledged Interests against the claims of any Person;

(iii) not make or consent to any amendment or other modification or waiver with respect to any Pledged Interests or enter into any agreement or permit to exist any restriction with respect to any Pledged Interests other than pursuant to the Loan Documents; and

(iv) not permit the issuance of (A) any additional shares of any class of Capital Stock of any Pledged Issuer, (B) any securities convertible voluntarily by the holder thereof or automatically upon the occurrence or non-occurrence of any event or condition into, or exchangeable for, any such shares of Capital Stock or (C) any warrants, options, contracts or other commitments entitling any Person to purchase or otherwise acquire any such shares of Capital Stock.

(h) Transfers and Other Liens.

(i) Except to the extent expressly permitted by Section 7.02(c) of the Credit Agreement, no Grantor will sell, assign (by operation of law or otherwise), lease, license, exchange or otherwise transfer or dispose of any of the Collateral.

(ii) Except to the extent expressly permitted by Section 7.02(a) of the Credit Agreement, no Grantor will create, suffer to exist or grant any Lien upon or with respect to any Collateral.

(iii) Woodland Holdings and Parent shall not permit any of the Companies to incur indebtedness or create, suffer to exist or grant any Lien.

(i) Intellectual Property.

(i) Each Grantor who owns Intellectual Property has duly executed and delivered the applicable Grant of a Security Interest in the form attached hereto as Exhibit B.

(ii) Each Grantor (either itself or through its licensees or its sublicensees) agrees that it will not do any act or omit to do any act whereby any Patent that is used in 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 to establish and preserve its rights under applicable patent laws.

(iii) Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark used in the conduct of such Grantor's business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark, (iii) display such Trademark with notice of U.S. or non-U.S. registration to the extent necessary to establish and preserve its rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

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

(v) Each Grantor shall notify the Agent promptly if it knows or has reason to know that any Intellectual Property used in the conduct of its business may become

abandoned, lost or dedicated to the public, or of any final adverse determination (including the institution of, or any such determination 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 Intellectual Property, its right to register the same, or its right to keep and maintain the same.

(vi) In the event that any Grantor (i) files an application or registration for any Intellectual Property 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, either itself or through any agent, employee, licensee or designee or (ii) obtains rights to or develops any new Intellectual Property (including, without limitation, if a patent shall be issued in respect of the patent application currently pending on behalf of Tiny Dial, LLC) or any reissue, division, continuation, renewal, extension or continuation-in-part of any existing Intellectual Property, whether pursuant to any license or otherwise; the provisions of Section 2 hereof shall automatically apply thereto and such Grantor shall give to the Agent prompt notice thereof, and, upon request of the Agent, execute and deliver any and all agreements, instruments, documents and papers as the Agent may reasonably request to evidence the Agent's security interest in such Intellectual Property, and each Grantor hereby appoints the 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.

(vii) Each Grantor will take all 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 application relating to the Intellectual Property of such Grantor (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is used in the conduct of any Grantor's business as conducted or proposed to be conducted, 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 cancellation proceedings against third parties.

(viii) In the event that any Grantor has reason to believe that any Collateral consisting of Intellectual Property used in the conduct of any Grantor's business has been infringed, misappropriated or diluted by a third party, such Grantor shall 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 Collateral and promptly shall notify the Agent of the initiation of such suit. Notwithstanding the foregoing, no Grantor shall threaten, file or initiate any action, suit or other legal proceeding of any kind concerning or relating to any alleged infringement, misappropriation or dilution of the Ranger Patent without first obtaining the express consent of Lenders, which shall not be unreasonably withheld.

(ix) Upon and during the continuance of an Event of Default, (i) no Grantor shall abandon or otherwise permit any Intellectual Property to become invalid and (ii) each Grantor shall use its best efforts to obtain all requisite consents or approvals by the

licensor of each License that constitutes Collateral owned by such Grantor to effect the assignment of all such Grantor's right, title and interest thereunder to the Agent or its designee.

(x) Each Grantor shall execute, authenticate and deliver any and all assignments, agreements, instruments, documents and papers as the Agent may reasonably request to evidence the Agent's security interest hereunder in such Intellectual Property and the General Intangibles of such Grantor relating thereto or represented thereby, each Grantor hereby appoints the 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.

(xi) Each Grantor agrees, at its own expense, as soon as practicable after the date hereof, to make such filings and to take such other actions as are reasonably necessary in each non-U.S. jurisdiction in which such Grantor owns any Intellectual Property in order to perfect the Security Interest with respect to such Intellectual Property in such jurisdiction, provided that no Grantor shall be obligated to make any such filing or to take any such other action where the Agent and the Borrower agree that the cost of such filing or action exceeds the value of the security afforded thereby.

(j) Titled Collateral.

(i) Each Grantor shall (A) cause all Collateral, now owned or hereafter acquired by such Grantor, which under applicable law are required to be registered, to be properly registered in the name of such Grantor, (B) cause all Titled Collateral to be properly titled in the name of such Grantor, and if requested by the Agent, with the Agent's Lien noted thereon, and (C) if requested by the Agent, promptly deliver to the Agent (or its custodian, nominee or other designee) originals of all such Certificates of Title or certificates of ownership for such Titled Collateral, with the Agent's Lien noted thereon.

(ii) Upon the acquisition after the date hereof by any Grantor of any Titled Collateral, such Grantor shall immediately notify the Agent of such acquisition, set forth a description of such Titled Collateral acquired and a good faith estimate of the current value of such Titled Collateral, and if so requested by the Agent, immediately deliver to the Agent (or its custodian, nominee or other designee) originals of the Certificates of Title or certificates of ownership for such Titled Collateral, together with the manufacturer's statement of origin, and an application duly executed by such Grantor to evidence the Agent's Lien thereon.

(iii) Each Grantor hereby appoints the Agent (and each of its custodians, nominees and other designees) as its attorney-in-fact, effective the date hereof and terminating upon the termination of this Agreement, for the purpose of (A) executing on behalf of such Grantor title or ownership applications for filing with appropriate state agencies to enable Titled Collateral now owned or hereafter acquired by such Grantor to be retitled and the Agent listed as lienholder thereof, (B) filing such applications with such state agencies, and (C) executing such other documents and instruments on behalf of, and taking such other action in the name of, such Grantor as the Agent (or its custodian, nominee or other designee) may deem necessary or advisable to accomplish the purposes hereof (including, without limitation, for the purpose of creating in favor of the Agent a perfected Lien on such Titled Collateral and

exercising the rights and remedies of the Agent hereunder). This appointment as attorney-in-fact is coupled with an interest and is irrevocable until the date on which all of the Secured Obligations have been indefeasibly paid in full in cash after the termination of each Lender's Commitment and each of the Loan Documents.

(iv) With respect to motor vehicles, any certificates of title or ownership delivered pursuant to the terms hereof shall be accompanied by odometer statements for each motor vehicle covered thereby.

(v) So long as no Event of Default shall have occurred and be continuing, upon the request of any Grantor, the Agent (or its custodian, nominee or other designee) shall execute and deliver to such Grantor such instruments as such Grantor shall reasonably request to remove the notation of the Agent as lienholder on any Certificate of Title or certificate of ownership for any Titled Collateral; provided that any such instruments shall be delivered, and the release effective, only upon receipt by the Agent of a certificate from such Grantor stating that the Titled Collateral, the Lien on which is to be released, is to be sold in accordance with the terms of the Credit Agreement or has suffered a casualty loss (with title thereto passing to the casualty insurance company therefor in settlement of the claim for such loss), the amount that such Grantor will receive as sale proceeds or insurance proceeds and whether or not such sale proceeds or insurance proceeds are required by the Credit Agreement to be paid to the Agent to be applied to the Secured Obligations and, to the extent required by the Credit Agreement, any proceeds of such sale or casualty loss shall be paid to the Agent hereunder to be applied to the Secured Obligations in accordance with the terms of the Credit Agreement.

(k) Control. Each Grantor hereby agrees to take any or all action that may be necessary or desirable or that the Agent may request in order for the Agent to obtain control in accordance with Sections 9-104, 9-105, 9-106, and 9-107 of the Code with respect to the following Collateral: (i) Electronic Chattel Paper, (ii) Investment Property and (iii) Letter-of-Credit Rights. Each Grantor hereby acknowledges and agrees that any agent or designee of the Agent shall be deemed to be a "secured party" with respect to the Collateral under the control of such agent or designee for all purposes.

(l) Records; Inspection and Reporting.

(i) Each Grantor shall keep adequate records concerning the Accounts, Chattel Paper and Pledged Interests. Each Grantor shall permit the Agent, or any agents or representatives thereof or such professionals or other Persons as the Agent may designate, subject to the same notice, frequency and cost limitations as set forth in Section 4.01 of the Credit Agreement, (A) to examine and make copies of and abstracts from such Grantor's books and records, (B) to visit and inspect its properties, (C) to verify materials, leases, notes, Accounts, Inventory and other assets of such Grantor from time to time, (D) to conduct audits, physical counts, appraisals and/or valuations, Phase I and Phase II Environmental Site Assessments or examinations at the locations of such Grantor and (E) to discuss such Grantor's affairs, finances and accounts with any of its directors, Authorized Officers of Parent, independent accountants or its legal representatives, in each case as provided in the Credit Agreement. The foregoing notwithstanding, at any time when an Event of Default exists, Agent

shall be entitled to conduct the herein described examinations, inspections, verifications, audits and discussions as frequently as Agent deems prudent, without the requirement for prior notice to Grantors, and Grantors shall be responsible for the full cost and expenses incurred by Agent in conducting such examinations, inspections, verifications, audits and discussions, as provided in Section 4.01 of the Credit Agreement.

(ii) Except as otherwise expressly permitted by Section 7.02(l) of the Credit Agreement, no Grantor shall, without the prior written consent of the Agent, change (A) its name, identity or organizational structure, (B) its jurisdiction of incorporation or organization as set forth in Schedule I hereto or (C) its chief executive office as set forth in Schedule III hereto. Each Grantor shall immediately notify the Agent upon obtaining an organizational identification number, if on the date hereof such Grantor did not have such identification number.

(m) Partnership and Limited Liability Company Interest. Except with respect to partnership interests and membership interests evidenced by a certificate, which certificate has been pledged and delivered to the Agent pursuant to Section 4 hereof, no Grantor that is a partnership or a limited liability company shall, nor shall any Grantor with any Subsidiary that is a partnership or a limited liability company, permit such partnership interests or membership interests to (i) be dealt in or traded on securities exchanges or in securities markets, (ii) become a security for purposes of Article 8 of any relevant Uniform Commercial Code, (iii) become an investment company security within the meaning of Section 8-103 of any relevant Uniform Commercial Code or (iv) be evidenced by a certificate. Each Grantor agrees that such partnership interests or membership interests shall constitute General Intangibles.

(n) Winding Up of the PSM and T2. As set forth in the Settlement Agreement, Agent and Lender acknowledge that Woodland Holdings and Parent shall have the option to terminate the existence of PSM and T2 at their sole discretion. Within 15 days following the termination of the existence of either such company, Woodland Holdings or Parent shall provide to Agent evidence satisfactory to Agent concerning the termination of the existence of such company and the payment (or the provision for future payment or performance) by such company of all of its debts and other obligations.

SECTION 7. Voting Rights, Dividends, Etc. in Respect of the Pledged Interests.

(a) So long as no Event of Default shall have occurred and be continuing:

(i) each Grantor may exercise any and all voting and other consensual rights pertaining to any Pledged Interests for any purpose not inconsistent with the terms of this Agreement, the Credit Agreement or the other Loan Documents; provided, however, that (A) each Grantor will give the Agent at least 5 Business Days' notice of the manner in which it intends to exercise, or the reasons for refraining from exercising, any such right that could reasonably be expected to adversely affect in any material respect the value, liquidity or marketability of any Collateral or the creation, perfection and priority of the Agent's Lien; and (B) none of the Grantors will exercise or refrain from exercising any such right, as the case may be, if the Agent gives a Grantor notice that, in the Agent's judgment, such action (or



inaction) could reasonably be expected to adversely affect in any material respect the value, liquidity or marketability of any Collateral or the creation, perfection and priority of the Agent's Lien; and

(ii) each of the Grantors may receive and retain any and all dividends, interest or other distributions paid in respect of the Pledged Interests to the extent permitted by the Credit Agreement (each of the Grantors acknowledging that the Credit Agreement places certain restrictions on the payment and receipt of such amounts, in addition to the restrictions set forth in this Agreement); provided, however, that any and all (A) dividends and interest paid or payable other than in cash in respect of, and Instruments and other property received, receivable or otherwise distributed in respect of or in exchange for, any Pledged Interests, (B) dividends and other distributions paid or payable in cash in respect of any Pledged Interests in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, and (C) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Pledged Interests, together with any dividend, interest or other distribution or payment which at the time of such payment was not permitted by the Credit Agreement, shall be, and shall forthwith be delivered to the Agent, to hold as Pledged Interests and shall, if received by any of the Grantors, be received in trust for the benefit of the Agent, shall be segregated from the other property or funds of the Grantors, and shall be forthwith delivered to the Agent in the exact form received with any necessary endorsement and/or appropriate stock powers duly executed in blank, to be held by the Agent as Pledged Interests and as further collateral security for the Secured Obligations; and

(iii) the Agent will execute and deliver (or cause to be executed and delivered) to a Grantor all such proxies and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and other rights which it is entitled to exercise pursuant to Section 7(a)(i) hereof and to receive the dividends, interest and/or other distributions which it is authorized to receive and retain pursuant to Section 7(a)(ii) hereof.

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

(i) all rights of each Grantor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Section 7(a)(i) hereof, and to receive the dividends, distributions, interest and other payments that it would otherwise be authorized to receive and retain pursuant to Section 7(a)(ii) hereof, shall cease, and all such rights shall thereupon become vested in the Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive and hold as Pledged Interests such dividends, distributions and interest payments;

(ii) the Agent is authorized to notify each debtor with respect to the Pledged Debt to make payment directly to the Agent (or its designee) and may collect any and all moneys due or to become due to any Grantor in respect of the Pledged Debt, and each of the Grantors hereby authorizes each such debtor to make such payment directly to the Agent (or its designee) without any duty of inquiry;

(iii) without limiting the generality of the foregoing, the Agent may at its option exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Interests as if it were the absolute owner thereof, including, without limitation, the right to exchange, in its discretion, any and all of the Pledged Interests upon the merger, consolidation, reorganization, recapitalization or other adjustment of any Pledged Issuer, or upon the exercise by any Pledged Issuer of any right, privilege or option pertaining to any Pledged Interests, and, in connection therewith, to deposit and deliver any and all of the Pledged Interests with any committee, depository, transfer agent, registrar or other designated agent upon such terms and conditions as it may determine; and

(iv) all dividends, distributions, interest and other payments that are received by any of the Grantors contrary to the provisions of Section 7(b)(i) hereof shall be received in trust for the benefit of the Agent, shall be segregated from other funds of the Grantors, and shall be forthwith paid over to the Agent as Pledged Interests in the exact form received with any necessary endorsement and/or appropriate stock powers duly executed in blank, to be held by the Agent as Pledged Interests and as further collateral security for the Secured Obligations.

**SECTION 8. Additional Provisions Concerning the Collateral.**

(a) To the maximum extent permitted by applicable law, and for the purpose of taking any action that the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, each Grantor hereby (i) authorizes the Agent, in furtherance of the rights granted herein, to execute any such agreements, instruments or other documents in such Grantor's name and to file such agreements, instruments or other documents in such Grantor's name and in any appropriate filing office, (ii) authorizes the Agent at any time and from time to time to file, one or more financing or continuation statements and amendments thereto, relating to the Collateral (including, without limitation, any such financing statements that (A) describe the Collateral as "all assets" or "all personal property" (or words of similar effect) or that describe or identify the Collateral by type or in any other manner as the Agent may determine, regardless of whether any particular asset of such Grantor falls within the scope of Article 9 of the Uniform Commercial Code or whether any particular asset of such Grantor constitutes part of the Collateral, and (B) contain any other information required by Part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including, without limitation, whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor) and (iii) ratifies such authorization to the extent that the Agent has filed any such financing statements, continuation statements, or amendments thereto, prior to the date hereof. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(b) Each Grantor hereby irrevocably appoints the Agent as its attorney-in-fact and proxy, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, and with full power of substitution, from time to time in the Agent's discretion upon the occurrence and during the continuance of an Event of Default, to take any action and to execute any instrument that the Agent may deem necessary or advisable to accomplish the purposes of this Agreement (subject to the rights of a Grantor under Section 6

hereof and Section 7(a) hereof), including, without limitation, (i) to obtain and adjust insurance required to be paid to the Agent pursuant to the Credit Agreement, (ii) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any Collateral, (iii) to receive, endorse, and collect any drafts or other Instruments, Documents and Chattel Paper in connection with clause (i) or (ii) above, (iv) to receive, endorse and collect all Instruments made payable to such Grantor representing any dividend, interest payment or other distribution in respect of any Pledged Interests and to give full discharge for the same, (v) to file any claims or take any action or institute any proceedings which the Agent may deem necessary or desirable for the collection of any Collateral or otherwise to enforce the rights of the Agent and the Lenders with respect to any Collateral, (vi) to execute assignments, licenses and other documents to enforce the rights of the Agent and the Lenders with respect to any Collateral, (vii) to pay or discharge taxes or Liens levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Agent in its sole discretion, and such payments made by the Agent to become Obligations of such Grantor to the Agent, due and payable immediately without demand, and (viii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, assignments, verifications and notices in connection with Chattel Paper and other documents relating to the Collateral. This power is coupled with an interest and is irrevocable until the date on which all of the Secured Obligations have been indefeasibly paid in full in cash after the termination of each Lender's Commitment and each of the Loan Documents.

(c) For the purpose of enabling the Agent to exercise rights and remedies hereunder, at such time as the Agent shall be lawfully entitled to exercise such rights and remedies upon the occurrence and during the continuance of an Event of Default, and for no other purpose, each Grantor hereby (i) grants to the Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, assign, license or sublicense any Intellectual Property now or hereafter owned by any Grantor, wherever the same may be located, 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 programs used for the compilation or printout thereof; and (ii) assigns to the Agent, to the extent assignable, all of its rights to any Intellectual Property now or hereafter licensed or used by any Grantor. Notwithstanding anything contained herein to the contrary, but subject to the provisions of the Credit Agreement that limit the right of a Grantor to dispose of its property and Section 6(i) hereof, so long as no Event of Default shall have occurred and be continuing, each Grantor may exploit, use, enjoy, protect, license, sublicense, assign, sell, dispose of or take other actions with respect to the Intellectual Property in the ordinary course of its business. In furtherance of the foregoing, unless an Event of Default shall have occurred and be continuing, the Agent shall from time to time, upon the request of a Grantor, execute and deliver any instruments, certificates or other documents, in the form so requested, which such Grantor shall have certified are appropriate (in such Grantor's judgment) to allow it to take any action permitted above (including relinquishment of the license provided pursuant to this clause (c) as to any Intellectual Property). Further, upon the date on which all of the Secured Obligations have been indefeasibly paid in full in cash after the termination of each Lender's Commitment and each of the Loan Documents, the Agent (subject to Section 13(e) hereof) shall release and reassign to the Grantors all of the Agent's right, title and interest in and to the Intellectual Property, and the Licenses, all without recourse, representation or warranty whatsoever and at the Grantors' sole expense. The

exercise of rights and remedies hereunder by the Agent shall not terminate the rights of the holders of any licenses or sublicenses theretofore granted by any Grantor in accordance with the second sentence of this clause (c). Each Grantor hereby releases the Agent from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Agent under the powers of attorney granted herein other than actions taken or omitted to be taken through the Agent's gross negligence or willful misconduct, as determined by a final determination of a court of competent jurisdiction.

(d) If any Grantor fails to perform any agreement or obligation contained herein, the Agent may itself perform, or cause performance of, such agreement or obligation, in the name of such Grantor or the Agent, and the expenses of the Agent incurred in connection therewith shall be jointly and severally payable by the Grantors pursuant to Section 10 hereof and shall be secured by the Collateral.

(e) The powers conferred on the Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Other than the exercise of reasonable care to assure the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral and shall be relieved of all responsibility for any Collateral in its possession upon surrendering it or tendering surrender of it to any of the Grantors (or whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct). The Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Agent accords its own property, it being understood that the Agent shall not have responsibility for ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not the Agent has or is deemed to have knowledge of such matters. The Agent shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by the Agent in good faith.

(f) Anything herein to the contrary notwithstanding (i) each Grantor shall remain liable under the Licenses and otherwise in respect of the Collateral to the extent set forth therein to perform all of its obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Agent of any of its rights hereunder shall not release any Grantor from any of its obligations under the Licenses or otherwise in respect of the Collateral, and (iii) the Agent shall not have any obligation or liability by reason of this Agreement under the Licenses or otherwise in respect of the Collateral, nor shall the Agent be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(g) The Agent may at any time in its discretion (i) without notice to any Grantor, transfer or register in the name of the Agent or any of its nominees any or all of the Pledged Interests, subject only to the revocable rights of such Grantor under Section 7(a) hereof, and (ii) exchange certificates or Instruments constituting Pledged Interests for certificates or Instruments of smaller or larger denominations.

SECTION 9. Remedies Upon Default. If any Event of Default shall have occurred and be continuing:

(a) The Agent may exercise in respect of the Collateral, in addition to any other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a secured party upon default under the Code, so long as such exercise is in a commercially reasonable manner (whether or not the Code applies to the affected Collateral), and also may (i) take absolute control of the Collateral, including, without limitation, transfer into the Agent's name or into the name of its nominee or nominees (to the extent the Agent has not theretofore done so) and thereafter receive, for the benefit of the Agent and the Lenders, all payments made thereon, give all consents, waivers and ratifications in respect thereof and otherwise act with respect thereto as though it were the outright owner thereof, (ii) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Agent forthwith, assemble all or part of the Collateral as directed by the Agent and make it available to the Agent at a place or places to be designated by the Agent that is reasonably convenient to both parties, and the Agent may enter into and occupy any premises owned or leased by any Grantor where the Collateral or any part thereof is located or assembled for a reasonable period in order to effectuate the Agent's rights and remedies hereunder or under law, without obligation to any Grantor in respect of such occupation, and (iii) without notice except as specified below or as provided by law, and without any obligation to prepare or process the Collateral for sale (A) sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Agent's offices, at any exchange or broker's board or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Agent may determine, provided such sale is conducted on commercially reasonable terms and/or (B) lease, license or otherwise dispose of the Collateral or any part thereof upon such terms as the Agent may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale or any other disposition of the Collateral shall be required by law, at least fifteen (15) days' prior notice to the applicable Grantor of the time and place of any public sale or the time after which any private sale or other disposition of the Collateral is to be made shall constitute reasonable notification. The Agent shall not be obligated to make any sale or other disposition of Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor hereby waives any claims against the Agent and the Lenders arising by reason of the fact that the price at which the Collateral may have been sold at a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Agent accepts the first offer received and does not offer the Collateral to more than one offeree, and waives all rights that such Grantor may have to require that all or any part of the Collateral be marshaled upon any sale (public or private) thereof. Each Grantor hereby acknowledges that (i) any such sale of the Collateral by the Agent shall be made without warranty, (ii) the Agent may specifically disclaim any warranties of title, possession, quiet enjoyment or the like, (iii) the Agent may bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness), if permitted by law, for the purchase, lease, license or other disposition of the Collateral or any portion thereof for the account of the Agent (on behalf of itself and the Lenders) and (iv) such actions set forth in clauses (i), (ii) and (iii) above shall not adversely affect the commercial reasonableness of any such sale of the Collateral. In addition to the foregoing, (i) upon written notice to any Grantor from the Agent,

each Grantor shall cease any use of the Intellectual Property or any trademark, patent or copyright similar thereto for any purpose described in such notice; (ii) the Agent may, at any time and from time to time, upon 5 days' prior notice to any Grantor, license, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any of the Intellectual Property, throughout the universe for such term or terms, on such conditions, and in such manner, as the Agent shall in its sole discretion determine; and (iii) the Agent may, at any time, pursuant to the authority granted in Section 8 hereof (such authority being effective upon the occurrence and during the continuance of an Event of Default), execute and deliver on behalf of a Grantor, one or more instruments of assignment of the Intellectual Property (or any application or registration thereof), in form suitable for filing, recording or registration in any country.

(b) In the event that the Agent determines to exercise its right to sell all or any part of the Pledged Interests pursuant to Section 9(a) hereof, each Grantor will, at such Grantor's expense and upon request by the Agent, execute and deliver, and cause each issuer of such Pledged Interests and the directors and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Agent, advisable to make such sale of such Pledged Interests valid and binding and in compliance with applicable law. Each Grantor acknowledges the impossibility of ascertaining the amount of damages which would be suffered by the Agent by reason of the failure by any Grantor to perform any of the covenants contained in this Section 9(b) and, consequently, agrees that, if any Grantor fails to perform any of such covenants, it shall pay, as liquidated damages and not as a penalty, an amount equal to the value of the Pledged Interests on the date the Agent demands compliance with this Section 9(b); provided, however, that the payment of such amount shall be applied against the Obligations in a manner consistent with the Credit Agreement, but shall not release any Grantor from any of its obligations under any of the other Loan Documents.

(c) Each Grantor recognizes that the Agent may deem it impracticable to effect a public sale of all or any part of the Pledged Shares or any other securities constituting Pledged Interests and that the Agent may, therefore, determine to make one or more private sales of any such securities to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that the Agent shall have no obligation to delay the sale of any such securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act. Each Grantor further acknowledges and agrees that any offer to sell such securities which has been (i) publicly advertised on a bona fide basis in a newspaper or other publication of general circulation in the financial community of New York, New York (to the extent that such an offer may be so advertised without prior registration under the Securities Act) or (ii) made privately in the manner described above to not less than fifteen bona fide offerees shall be deemed to involve a "public disposition" for the purposes of Section 9-610(c) of the Code (or any successor or similar, applicable statutory provision) as then in effect in the State of New York, notwithstanding that such sale may not constitute a "public offering" under the Securities Act, and that the Agent may, in such event, bid for the purchase of such securities.

(d) Any cash held by the Agent (or its agent or designee) as Collateral and all Cash Proceeds received by the Agent (or its agent or designee) in respect of any sale of or collection from, or other realization upon, all or any part of the Collateral may, in the discretion of the Agent, be held by the Agent (or its agent or designee) as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Agent pursuant to Section 10 hereof) in whole or in part by the Agent against, all or any part of the Secured Obligations in such order as the Agent shall elect, consistent with the provisions of the Credit Agreement. Any surplus of such cash or Cash Proceeds held by the Agent (or its agent or designee) and remaining after the date on which all of the Secured Obligations have been indefeasibly paid in full in cash after the termination of each Lender's Commitment and each of the Loan Documents, shall be paid over to whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct.

(e) In the event that the proceeds of any such sale, collection or realization are insufficient to pay all amounts to which the Agent and the Lenders are legally entitled, the Grantors shall be jointly and severally liable for the deficiency, together with interest thereon at the highest rate specified in any applicable Loan Document for interest on overdue principal thereof or such other rate as shall be fixed by applicable law, together with the costs of collection and the reasonable fees, costs, expenses and other client charges of any attorneys employed by the Agent to collect such deficiency.

(f) Each Grantor hereby acknowledges that if the Agent complies with any applicable requirements of law in connection with a disposition of the Collateral, such compliance will not adversely affect the commercial reasonableness of any sale or other disposition of the Collateral.

(g) The Agent shall not be required to marshal any present or future collateral security (including, but not limited to, this Agreement and the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of the Agent's rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that any Grantor lawfully may, such Grantor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Agent's rights under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Grantor hereby irrevocably waives the benefits of all such laws.

SECTION 10. Indemnity and Expenses.

(a) Each Grantor jointly and severally agrees to defend, protect, indemnify and hold harmless the Agent and each other Indemnitee for, from and against any and all claims, losses, damages, liabilities, obligations, penalties, fees, reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, costs, expenses and disbursements, whether incurred in a third party action or in an action brought by Agent or any other Indemnitee against any Grantor to enforce its rights under this Section) incurred by the Agent or such

Indemnitee to the extent that they arise out of or otherwise result from or relate to or are in connection with this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting solely and directly from the Agent's or such Indemnitee's gross negligence or willful misconduct, as determined by a final judgment of a court of competent jurisdiction.

(b) Each Grantor jointly and severally agrees to pay to the Agent upon demand the amount of any and all costs and expenses, including the reasonable fees, costs, expenses and disbursements of counsel for the Agent (whether incurred in a third party action or in an action brought by Agent or any other Indemnitee against any Grantor to enforce its rights under this Section) and of any experts and agents (including, without limitation, any collateral trustee which may act as agent of the Agent), which the Agent may incur in connection with (i) the preparation, negotiation, execution, delivery, recordation, administration, amendment, waiver or other modification or termination of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any Collateral, (iii) the exercise or enforcement of any of the rights of the Agent hereunder, or (iv) the failure by any Grantor to perform or observe any of the provisions hereof.



SECTION 11. Notices, Etc. All notices and other communications provided for hereunder shall be given in accordance with the notice provision of the Credit Agreement.

SECTION 12. Security Interest Absolute; Joint and Several Obligations.

(a) All rights of the Secured Parties, all Liens and all obligations of each of the Grantors hereunder shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of the Credit Agreement or any other Loan Document, (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Secured Obligations, or any other amendment or waiver of or consent to any departure from the Credit Agreement or any other Loan Document, (iii) any exchange or release of, or non-perfection of any Lien on any Collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations, or (iv) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any of the Grantors in respect of the Secured Obligations. All authorizations and agencies contained herein with respect to any of the Collateral are irrevocable and are powers coupled with an interest.

(b) Each Grantor hereby waives (i) promptness and diligence, (ii) notice of acceptance and notice of the incurrence of any Obligation by the Borrower, (iii) notice of any actions taken by the Agent, any Lender, any Guarantor or any other Person under any Loan Document or any other agreement, document or instrument relating thereto, (iv) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this subsection (b), might constitute grounds for relieving such Grantor of any such Grantor's obligations hereunder and (v) any requirement that the Agent or any Lender protect, secure, perfect or insure any security interest or other lien on any property subject thereto or exhaust any right or take any action against any Grantor or any other Person or any collateral.

(c) All of the obligations of the Grantors hereunder are joint and several. The Agent may, in its sole and absolute discretion, enforce the provisions hereof against any of the Grantors and shall not be required to proceed against all Grantors jointly or seek payment from the Grantors ratably. In addition, the Agent may, in its sole and absolute discretion, select the Collateral of any one or more of the Grantors for sale or application to the Secured Obligations, without regard to the ownership of such Collateral, and shall not be required to make such selection ratably from the Collateral owned by all of the Grantors. The release or discharge of any Grantor by the Agent shall not release or discharge any other Grantor from the obligations of such Person hereunder.

SECTION 13. Miscellaneous .

(a) No amendment of any provision of this Agreement (including any Schedule attached hereto) shall be effective unless it is in writing and signed by each Grantor affected thereby and the Agent, and no waiver of any provision of this Agreement, and no consent to any departure by any Grantor therefrom, shall be effective unless it is in writing and signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of the Secured Parties to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Secured Parties provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Secured Parties under any Loan Document against any party thereto are not conditional or contingent on any attempt by such Person to exercise any of its rights under any other Loan Document against such party or against any other Person, including but not limited to, any Grantor.

(c) This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect, subject to paragraph (e) below, until the date on which all of the Secured Obligations have been indefeasibly paid in full in cash after the termination of each Lender's Commitment and each of the Loan Documents and (ii) be binding on each Grantor all other Persons who become bound as debtor to this Agreement in accordance with Section 9-203(d) of the Code, and shall inure, together with all rights and remedies of the Secured Parties hereunder, to the benefit of the Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of clause (ii) of the immediately preceding sentence, the Secured Parties may assign or otherwise transfer their respective rights and obligations under this Agreement and any other Loan Document to any other Person pursuant to the terms of the Credit Agreement, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to the Secured Parties herein or otherwise. Upon any such assignment or transfer, all references in this Agreement to any Secured Party shall mean the assignee of any such Secured Party. None of the rights or obligations of any Grantor hereunder may be assigned or otherwise transferred without the prior written consent of the Agent, and any such assignment or transfer shall be null and void.

(d) Upon the date on which all of the Secured Obligations have been indefeasibly paid in full in cash after the termination of each Lender's Commitment and each of the Loan Documents, (i) subject to paragraph (e) below, this Agreement and the security interests and licenses created hereby shall terminate and all rights to the Collateral shall revert to the Grantors and (ii) the Agent will, upon the Grantors' request and at the Grantors' expense, without any representation, warranty or recourse whatsoever, (A) return to the Grantors (or whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct) such of the Collateral as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof and (B) execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

(e) This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment or performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made.

In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(f) Upon the execution and delivery, or authentication, by any Person of a security agreement supplement in substantially the form of Exhibit C hereto (each a "Pledge and Security Agreement Supplement"), (i) such Person shall be referred to as an "Additional Grantor" and shall be and become a Grantor, and each reference in this Agreement to "Grantor" shall also mean and be a reference to such Additional Grantor, and each reference in this Agreement and the other Loan Documents to "Collateral" shall also mean and be a reference to the Collateral of such Additional Grantor, and (ii) the supplemental Schedules I-VIII attached to each Pledge and Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I-VIII, respectively, hereto, and the Agent may attach such Schedules as supplements to such Schedules, and each reference to such Schedules shall mean and be a reference to such Schedules, as supplemented pursuant hereto.

**(g) IT IS THE INTENT OF THE PARTIES HERETO THAT, IN ACCORDANCE WITH SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, ALL PROVISIONS OF THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE VALIDITY AND PERFECTION OR THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREBY, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

(h) In addition to and without limitation of any of the foregoing, this Agreement shall be deemed to be a Loan Document and shall otherwise be subject to all of terms and conditions contained in Sections 12.10 and 12.11 of the Credit Agreement, *mutatis mutandi*.

(i) Each Grantor irrevocably and unconditionally waives any right it may have to claim or recover in any legal action, suit or proceeding with respect to this Agreement any special, exemplary, punitive or consequential damages.

(j) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such

prohibition or unenforceability without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(k) Section headings herein are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(l) This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be deemed an original, but all of such counterparts taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by facsimile or electronic mail shall be equally effective as delivery of an original executed counterpart.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

**GRANTORS:**

S SQUARED, L.L.C., an Illinois limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ENVERSA COMPANIES LLC, a Texas limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WOODLAND WIRELESS SOLUTIONS LTD., a Michigan corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CORNERWORLD CORPORATION, a Nevada corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WOODLAND HOLDINGS CORP., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CORNERWORLD, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

GULF MEDIA SOLUTIONS, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TINY DIAL, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BASCOMB & RICHARDS, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LANTANA DIRECT, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DIGITAL360, LLC, a Nevada limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

AVENTURA MEDIA SYSTEMS, LLC, a Florida limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PHONE SERVICES & MORE, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE LEADSTREAM, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

T2 TV, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

T2 COMMUNICATIONS, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WEST MICHIGAN CO-LOCATION SERVICES, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CORNERWORLD TV, LLC, a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MONEY JACK, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SUBORDINATION AGREEMENT**

THIS SUBORDINATION AGREEMENT (this "Agreement") is made as of this 30th day of March, 2011, by and among SOVEREIGN - EMERALD CREST CAPITAL PARTNERS II, LP, a Delaware limited partnership, and PACIFIC SPECIALTY INSURANCE COMPANY, a California corporation (collectively, "Senior Lenders"), EMERALD CREST MANAGEMENT COMPANY, LLC, a Delaware limited liability company, as agent for the Senior Lenders (in such capacity, together with its successors and assigns in such capacity, if any, "Agent"), IU HOLDINGS, LP, a Texas limited partnership ("Tier 2 Junior Lender"), IU INVESTMENTS, LLC, a Texas limited liability company ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC., a Texas corporation ("Internet University"), MARC BLUMBERG, an individual ("Blumberg"), MARC A. PICKREN, an individual ("Pickren"), and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), NED B. TIMMER, an individual ("Tier 6 Junior Lender"), SCOTT N. BECK ("Tier 7 Junior Lender"), CORNERWORLD CORPORATION, a Nevada corporation ("Parent"), and WOODLAND HOLDINGS CORP., a Delaware corporation ("Holdings"), and each other Person designated as a "Loan Party" under the Senior Credit Agreement (hereinafter defined) not already a party hereto.

**WITNESSETH:**

WHEREAS, S Squared, L.L.C., an Illinois limited liability company doing business as Ranger Wireless, LLC ("Ranger"), Enversa Companies LLC, a Texas limited liability company ("Enversa" and, together with Ranger, each a "Borrower" and, jointly, the "Borrowers"), each Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guaranties all or any part of the Obligations (each a "Guarantor" and collectively, the "Guarantors"), Senior Lenders and Agent are parties to that certain Credit Agreement dated as of the date hereof (such agreement, as amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, being hereinafter referred to as the "Senior Credit Agreement"). Terms used herein with initial capital letters, to the extent not otherwise defined in Section 1(B) below, shall have the meanings given such terms in the Senior Credit Agreement; and

WHEREAS, pursuant to the Senior Credit Agreement, Senior Lenders shall extend to Borrowers a loan in the original principal amount of \$5,000,000 (the "Senior Loan"), which Senior Loan is to be secured by certain assignments of and security interests in the assets of each of the Loan Parties, now or hereafter existing, and the pledge of the outstanding equity interests in each of the Loan Parties (other than Parent), all as more fully set forth in the Loan Documents. The liens and security interests securing the Senior Loan are in a first priority position and encumber the Global Collateral; and

WHEREAS, concurrently with the funding of the Senior Loan, Tier 2 Junior Lender shall extend to Holdings and Enversa a loan in the original principal amount of \$1,500,000 (the "Tier 2 Loan"), which Tier 2 Loan is to be secured by a second priority lien on and security interest in the Non-Ranger Collateral; and

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WHEREAS, pursuant to that certain Promissory Note dated as of February 23, 2009, in the original principal amount of \$1,900,000, as amended pursuant to that certain Amendment to Promissory Note dated as of even date herewith (the "Tier 3 Note"), Tier 3 Junior Lender previously extended a loan to Parent, which loan has a present outstanding principal balance of \$665,000 (the "Tier 3 Loan"). After giving effect to the funding of the Senior Loan and the Tier 2 Loan and the operation of this Agreement, the Tier 3 Loan shall be secured by a third priority lien on and security interest in the Non-Ranger Collateral; and

WHEREAS, Parent previously executed and delivered certain promissory notes, one in favor of each of the Tier 4 Junior Lenders, in the original aggregate principal amount of \$1,500,000, and having a current aggregate outstanding principal balance of \$1,364,199 (the "Tier 4 Loan"). After giving effect to the funding of the Senior Loan and the Tier 2 Loan and the operation of this Agreement, the Tier 4 Junior Lenders shall be secured by a fourth priority lien on and security interest in the Non-Ranger Collateral; and

WHEREAS, Internet University is the owner and holder of that certain Promissory Note dated March 30, 2011 in the original principal amount of \$400,000 (the "Tier 5 Loan") with respect to which Holdings is the maker. After giving effect to the funding of the Senior Loan and the Tier 2 Loan and the operation of this Agreement, Internet University (hereinafter, "Tier 5 Junior Lender" when referred to in its capacity as the lender with respect to the Tier 5 Loan), shall be secured by a fifth priority lien on and security interest in the Non-Ranger Collateral; and

WHEREAS, Tier 6 Junior Lender is owed certain indebtedness by Holdings and has been involved in certain disputes resulting in the Litigation with Parent, Holdings and others. Pursuant to the Settlement Agreement, Tier 6 Junior Lender shall receive a portion of the proceeds of the Senior Loan and Tier 2 Loan, and has agreed to release Tier 6 Junior Lender's existing liens on all of the Global Collateral currently encumbered in favor of Tier 6 Junior Lender. Further pursuant to the Settlement Agreement, Holdings shall execute and deliver to Tier 6 Junior Lender that certain Promissory Note dated of even date herewith in the original principal amount of \$1,800,000 (the indebtedness evidenced by such note being referred to herein as the "Tier 6 Loan") The Tier 6 Loan is to be secured by a lien in favor of Tier 6 Junior Lender, which lien shall be, (i) with respect to the Non-Ranger Collateral, in a sixth priority secured position, and (ii) with respect to the Ranger Collateral, as of the date of this Agreement, in a second priority secured position (but subject to a reduction in that priority if certain future events occur); and

WHEREAS, Tier 7 Junior Lender is the holder of that certain Promissory Note dated of even date herewith in the original principal amount of \$389,942 (the indebtedness under which shall be referred to herein as the "Tier 7 Loan"), with respect to which Parent is the maker. The obligations of Parent to Tier 7 Junior Lender with respect to the Tier 7 Loan are to be secured by a seventh priority lien on and security interest in the Non-Ranger Collateral; and

WHEREAS, it is a condition precedent to Senior Lenders making the Senior Loan and providing the other financial accommodation to the Borrowers pursuant to the Senior Credit



Agreement that each of the Junior Lenders enter into this Agreement, in order to establish the priority of the repayment of the Borrowers' debt, and to address certain related matters;

WHEREAS, each Junior Lender has determined that the execution, delivery and performance of this Agreement shall directly benefit, and are in the best interest of, such Junior Lender; and

WHEREAS, each Junior Lender and each of the Loan Parties desire to enter into this Agreement in order to induce Senior Lenders to enter into the Senior Credit Agreement with Borrowers and to make the Senior Loan, and in order to induce Tier 2 Junior Lender to make the Tier 2 Loan.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Incorporation of Recitals; Definitions.

(A) The parties hereto acknowledge and agree that the foregoing Recitals are true and correct, and the foregoing Recitals are hereby incorporated into this Agreement as substantive provisions hereof.

(B) Except as otherwise provided herein, all capitalized terms used in this Agreement shall have the meanings ascribed to such terms in the Senior Credit Agreement, provided that the following terms shall have the meanings set forth below:

"Blanket Collateral" means all or substantially all of the assets, property and property rights, of any kind or nature, tangible or intangible, now or hereafter existing, as more fully described on Exhibit A attached hereto and by this reference made a part hereof, in which any of the Grantors owns, asserts or maintains an interest and as to which such Grantor has created a lien upon such assets in favor of one or more of the Lenders.

"Collateral" means, collectively, any and all assets, property and property rights, of any kind or nature, tangible or intangible, now or hereafter existing, in which any of the Grantors owns, asserts or maintains an interest and as to which such Grantor has created a lien in favor of one or more of the Lenders, whether any such Collateral constitutes a portion of the Ranger Collateral or the Non-Ranger Collateral.

"Cross-Collateralization Election" means the right of the members of the Optionee Group, following the exercise and closing of the Purchase Option, to elect that the lien securing the Senior Loan acquired by the Optionee Group shall thereafter also serve as security with respect to the obligations of either Parent or Holdings, as applicable, with respect to the repayment of the Tier 2 Loan, Tier 3 Loan, Tier 4 Loan, and Tier 5 Loan, but solely to the extent of those members of the Optionee Group who actually participated in the exercise of the Purchase Option.

"CWI" means CornerWorld, Inc., a Delaware corporation.

"Enversa Subsidiaries" means, collectively, Tiny Dial, LLC, Bascomb and Richards, LLC, Lantana Direct, LLC, Gulf Media Solutions, LLC, Money Jack, LLC, and The Leadstream LLC, each a Delaware limited liability company, Aventura Media Systems, LLC, a Florida limited liability company, and Digital 360, LLC and Optima Online, LLC, each a Nevada limited liability company.

"Equity Collateral" means, with respect to Parent, the assets described on Exhibit B attached hereto, with respect to Holdings, the assets described on Exhibit C attached hereto, and with respect to Woodland Wireless, the assets described on Exhibit D attached hereto.

"Global Collateral" means, collectively, the Ranger Collateral and the Non-Ranger Collateral.

"Grantor" and "Grantors" mean, individually and collectively (as applicable), each or all of the Ranger Grantors and each or all of the Non-Ranger Grantors.

"Junior Lender" and "Junior Lenders" mean, individually and collectively (as applicable), Tier 1 Junior Lender, Tier 2 Junior Lender, Tier 3 Junior Lender, each and all of the Tier 4 Junior Lenders, Tier 5 Junior Lender, Tier 6 Junior Lender, and Tier 7 Junior Lender; provided, however, that (i) the terms Junior Lender and Junior Lenders shall only include any such Person to whom some amount remains owed by either Parent or Holdings as of the date of determination, and (ii) at any time when the Senior Loan has been paid in full, whichever Lender then constitutes the Most Senior Lender, as determined in accordance herewith, shall no longer be considered one of the Junior Lenders.

"Junior Lender Note" means each and every promissory note or other instrument of indebtedness executed by a Loan Party in favor of any Junior Lender.

"Junior Lender Remedies" means any action which results in (A) the sale, foreclosure, realization on or liquidation of any Collateral, (B) the execution on any judgment obtained against any Loan Party, (C) the acceleration of the Subordinated Indebtedness, (D) the filing of any petition or lien under any bankruptcy, insolvency or creditors' rights laws with respect to any Loan Party, or (E) the institution or exercise against any Loan Party of any suit, legal action, or other enforcement remedy.

"Lender" and "Lenders" mean, individually and collectively (as applicable), the Senior Lenders and the Junior Lenders.

"More Senior Lender" means, as to each of the Junior Lenders, (i) the Senior Lenders and (ii) each other Junior Lender whose lien and security interest in any portion of the Collateral holds a more senior priority position (*i.e.*, each other Junior Lender designated by a "Tier X" designation where X is a number lower than the Tier X designation of the Junior Lender with respect to which the determination is being made).

"Most Senior Lender" means, (i) as of the date of this Agreement and at any time thereafter when any portion of the Senior Loan remains unpaid, the Senior Lenders, and (ii) at any time when the Senior Loan has been paid in full, that or those Junior Lenders then holding the most senior (in lien priority) security interest on any portion of the Collateral (*i.e.*, the then existing Junior Lender designated with the "Tier X" designation bearing the lowest number); provided, however, that if, at any time, (x) the Senior Loan has been repaid and (y) the Optionee Group have not exercised the Purchase Option and caused the Cross-Collateralization Election to be made, then, with respect to the Non-Ranger Collateral, the Most Senior Lender shall be determined as set forth above, but until the Purchase Option has been exercised and the Cross-Collateralization Election made, then with respect to the Ranger Collateral, the Most Senior Lender shall be Tier 6 Junior Lender (if any part of the Tier 6 Loan remains unpaid). For purposes of clarity, at any given time there can only be one level of Lender entitled to be considered the Most Senior Lender as to any given category of Collateral (although, with respect to the Senior Lenders and the Tier 4 Junior Lenders, that level may be comprised of more than one Lender). At any time when the Senior Lenders are also the Most Senior Lender, then any determination to be made by the Most Senior Lender shall be made by Agent in accordance with the terms of the Senior Credit Agreement, and at any time when the Tier 4 Junior Lenders are the Most Senior Lender, then any determination to be made by the Most Senior Lender shall be made by Internet University.

"Most Senior Loan" means the then outstanding indebtedness of Borrowers or any of the other Loan Parties owed to the then Most Senior Lender.

"Non-Ranger Collateral" means, with respect to each of the Non-Ranger Grantors other than Parent and Holdings, the Blanket Collateral of each such Person, and with respect to Parent and Holdings, the Equity Collateral of each such Person. The Non-Ranger Grantors have granted a lien on and security interest in the Non-Ranger Collateral in favor of Agent, on behalf of the Senior Lenders, and each of the Junior Lenders.

"Non-Ranger Grantors" means each of Parent, Holdings, CWI, Enversa, West Michigan, T2TV, T2, PSM, and each of the Enversa Subsidiaries.

"Optionee Group" means, collectively, Tier 2 Junior Lender, Tier 3 Junior Lender, each of the Tier 4 Junior Lenders, and Tier 5 Junior Lender.

"PSM" means Phone Services and More, LLC, a Michigan limited liability company.

"Purchase Option" means the right granted by Senior Lenders, pursuant to Section 12 hereof, to the Optionee Group, and pursuant to Section 13 hereof, to Tier 6 Junior Lender, to purchase the Senior Loan, together with all other amounts owed by Borrowers and each other Loan Party to Senior Lenders, upon the terms and conditions set forth therein.

"Ranger Collateral" means, with respect to Ranger, its Blanket Collateral, and with respect to Woodland Wireless, its Equity Collateral. The Ranger Grantors have granted a lien on and security interest in the Ranger Collateral in favor of Agent, on behalf of the Senior Lenders, and Tier 6 Junior Lender.

"Ranger Grantors" means each of Ranger and Woodland Wireless.

"Senior Indebtedness" means all principal, interest and other obligations at any time due and owing by Borrowers or any other Loan Party to the Most Senior Lender arising out of or incurred in connection with the Senior Loan Documents, whether direct or contingent, and whether now existing or hereafter created. "Senior Indebtedness" shall include, without limitation, any capitalization of interest due under the Senior Loan Documents, the payment of default interest due under the Senior Loan Documents, and all interest which accrues on the principal amount of the Senior Indebtedness subsequent to the commencement of a proceeding under Chapter 11 of the Bankruptcy Code, irrespective of whether or not such interest would be allowed as a claim in such proceedings.

"Senior Loan Documents" means, at any time when the Senior Lenders are also the Most Senior Lender, the Loan Documents (as defined in the Senior Credit Agreement), or at any time when the Senior Loan has been repaid, those documents executed in connection with the then qualifying Most Senior Loan (together with, in each case, any indebtedness which refinances such principal, interest or other obligations), as the same may be modified, extended, renewed or restated from time to time.

"Settlement Agreement" means that certain Settlement Agreement dated as of February 3, 2011 between CornerWorld Corporation and Ned B. Timmer. The term "Settlement Agreement," as used herein, shall not include any amendments or modifications to the Settlement Agreement dated February 3, 2011, regardless of how any such amendment or modification may have been documented or agreed upon, unless such amendment or modification has been approved by Agent in writing.

"Subordinated Indebtedness" means (i) all indebtedness of the Loan Parties to any Junior Lender and to all of the Junior Lenders, collectively, as the context requires, pursuant to the Subordinated Loan Documents and all present and future loans, advances, debts, liabilities, obligations, and indebtedness owing by any Loan Party to any Junior Lender, whether evidenced by any note, or other instrument or document, whether arising from an extension of credit, opening of a letter of credit, loan, guaranty, indemnification or otherwise, whether direct or indirect (including, without limitation, those acquired by assignment and any participation by any Junior Lender in any Loan Party's debts owing others), now existing or hereinafter arising, absolute or contingent, due or to become due, including, without limitation, all interest, charges, expenses, fees, attorneys' fees and any other sums chargeable to any Loan Party in connection therewith and (ii) any payments to any Junior Lender in redemption or purchase of warrants, capital stock, partnership interest, ownership interest or equity, if any, of any Loan Party held by any Junior Lender or any other payment in respect of warrants, capital stock, partnership interest, ownership interest or equity of any Loan Party held by any Junior Lender.

"Subordinated Loan Documents" means, collectively, the promissory notes or other evidences of indebtedness described in the Recitals above with respect to each of the Tier 2 Loan, Tier 3 Loan, Tier 4 Loan, Tier 5 Loan, Tier 6 Loan and Tier 7 Loan, together with all pledge and security agreements and all other documents and instruments entered into by any Loan Party and with or in favor of any Junior Lender and regarding or evidencing all present and future loans, advances, debts, liabilities, obligations, and indebtedness owing by such Loan Party to such Junior Lender. The foregoing notwithstanding, at any time when any of the Junior Lenders, as originally defined herein, constitutes the then Most Senior Lender, the documents in favor of such Junior Lender shall not be included within the definition of Subordinated Loan Documents.

"T2" means T2 Communications, LLC, a Michigan limited liability company.

"T2TV" means T2 TV, LLC, a Michigan limited liability company.

"West Michigan" means West Michigan Co-Location Services, LLC, a Michigan limited company.

"Woodland Wireless" means Woodland Wireless Solutions Ltd., a Michigan corporation.

## 2. Subordination.

Each Junior Lender hereby postpones and subordinates, to the extent and in the manner provided in this Agreement, all of the Subordinated Indebtedness to the payment of all of the Senior Indebtedness. Each Junior Lender hereby agrees that all claims and rights of any kind such Junior Lender may now have or hereafter acquire against any Loan Party or any of the Collateral resulting from the Subordinated Indebtedness shall be subordinate and subject to the claims and rights against each of the Loan Parties and/or the Collateral of (i) Senior Lenders and of Agent on behalf of Senior Lenders arising from or out of the Senior Indebtedness, and (ii) each More Senior Lender, to the extent and in the manner set forth in this Agreement. The sequencing of the priority of the liens held by Lenders established hereby, as described in the Recitals, shall apply and be binding as between Lenders notwithstanding (x) the order or timing of the filing of any financing statements under the Uniform Commercial Code as in effect in the State of New York or any other applicable state (the "UCC") or (y) any other method of perfection under the UCC which would provide for a different order of priority. Each Junior Lender Note shall bear a conspicuous legend that it is subordinated to the Senior Indebtedness of each More Senior Lender in accordance with the terms of this Agreement. Each Loan Party's books shall be marked to evidence the subordination of all of the Subordinated Indebtedness to the holder of Senior Indebtedness, in accordance with the terms of this Agreement.

## 3. Warranties and Representations of the Loan Parties and Junior Lenders.

The Loan Parties and the Junior Lenders each hereby severally represents and warrants to each of the Senior Lenders and Agent, and to each More Senior Lender, that Agent

and each such More Senior Lender has been furnished with a true and correct copy of all instruments and securities evidencing or pertaining to the Subordinated Indebtedness. Each of the Loan Parties hereby represents and warrants to the Senior Lenders and to Agent, and to each of the Junior Lenders, that this Agreement has been duly executed and delivered by such Loan Party and constitutes the legal, valid and binding obligation of each such Loan Party enforceable in accordance with its terms except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect affecting generally the enforcement of creditors' rights and remedies and general principles of equity. Each of the Junior Lenders hereby severally represents and warrants to the Senior Lenders and to Agent, and to each other Junior Lender (it being understood that, in the following sequence of representations, any reference to a Junior Lender refers to each Junior Lender making such representations and warranties as to itself): (A) that this Agreement has been duly executed and delivered by such Junior Lender and constitutes the legal, valid and binding obligation of such Junior Lender enforceable against such Junior Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect affecting generally the enforcement of creditors' rights and remedies and general principles of equity; (B) that such Junior Lender, as applicable, is a limited liability company, a limited partnership, or a corporation duly formed, validly existing and in good standing under the laws of its jurisdiction of formation, as set forth in the Preamble of this Agreement, and is in good standing and authorized to do business in each jurisdiction in which a failure to so qualify would have a material adverse effect on the financial condition, operations, prospects, profits, business or property of such Junior Lender; (C) that the execution, delivery, and performance by Junior Lender of this Agreement do not and will not conflict with or contravene any law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over Junior Lender or conflict with, or result in any default under Junior Lender's charter, articles of organization or similar instrument or any agreement or instrument of any kind to which Junior Lender is a party or by which Junior Lender or the properties of Junior Lender are bound, except for those as to which consents have been obtained and are in full force and effect, and except where such conflict or contravention will not have a material adverse effect on the financial condition, operations, prospects, profits, business or property of such Junior Lender; (D) that Junior Lender is the holder and owner of all right, title and interest in that tranche of the Subordinated Indebtedness described as being held by it in the Recitals hereto, together with all claims and rights in connection therewith, arising therefrom or evidenced thereby; (E) that neither the execution and delivery by Junior Lender of this Agreement nor the performance by Junior Lender hereunder requires the consent, approval, order, or authorization of, or registration with, or the giving of notice to any governmental authority, domestic or foreign, or any other person or entity, except such consents as have been obtained by such Junior Lender and are in full force and effect, and except where the failure to obtain such consent could not have an adverse effect on the enforceability of this Agreement against such Junior Lender or a material adverse effect on the financial condition, operations, prospects, profits, business or property of such Junior Lender; and (F) that it has not relied and shall not rely on any representation or information of any nature made by or received from Agent or Senior Lenders or from any other Junior Lender relative to any of the Loan Parties in deciding to execute this Agreement or to permit it to continue in effect.

4. Negative Covenants.

Until all of the Senior Indebtedness has been fully and finally paid, except for liens in the Collateral existing as of the date of this Agreement: (A) none of the Loan Parties shall, directly or indirectly, grant a security interest in, mortgage, pledge, assign or transfer any properties, to secure or satisfy all or any part of the Subordinated Indebtedness, and no Loan Party shall deliver possession of any Collateral to, or enter into any control agreement for the benefit of, any Junior Lender; (B) no Junior Lender shall demand or accept from any Loan Party or any other person any such collateral; (C) none of the Loan Parties shall discharge the Subordinated Indebtedness other than in accordance with its terms; (D) no Junior Lender shall demand or accept from any Loan Party or other person any consideration which would result in a discharge of the Subordinated Indebtedness other than in accordance with its terms; (E) no Junior Lender shall hereafter give any subordination in respect of the Subordinated Indebtedness or exchange any or all of the Subordinated Indebtedness for capital stock, equity, ownership interest or other securities of any Loan Party other than Parent; (F) no Junior Lender shall transfer or assign any of the Subordinated Indebtedness to any other person; (G) none of the Loan Parties shall hereafter issue any further instrument, security or other writing evidencing any part of the Subordinated Indebtedness, and no Junior Lender shall receive any such writing, except upon the condition that such security shall bear the legend referred to in Section 2 above and a true copy thereof shall be furnished to Agent and to the Most Senior Lender; (H) no Junior Lender shall receive possession of any Collateral (and if any Junior Lender shall do so, it shall do so in a capacity as a bailee for the Most Senior Lender), and no Junior Lender shall be party to any control agreement through which such Junior Lender could improve its perfection in any asset as to which perfection can be accomplished through control (and if any such control agreement is entered into, the applicable Junior Lender hereby assigns all of its rights and benefits thereunder to the Most Senior Lender); (I) no Junior Lender shall terminate any services agreement now or hereafter existing with any Loan Party upon the happening and during the continuance of an Event of Default; and (J) neither any Junior Lender nor any of the Loan Parties otherwise shall take any action contrary to the Most Senior Lender's priority position (which, as to Senior Lenders, is held through Agent) over each Junior Lender that is created by this Agreement.

5. Payments of Subordinated Indebtedness.

Until all of the Senior Indebtedness has been fully and finally paid, none of the Loan Parties shall make, and none of the Junior Lenders shall accept, any direct or indirect payment in cash, property or securities, by set-off or otherwise, with respect to any Subordinated Indebtedness, including, without limitation, any principal or interest payments, except for regularly accruing installments of principal and interest (calculated only at the non-default rate) which are due and payable according to the terms of each individual Junior Lender Note; provided that, no Event of Default would occur as the result of making any such payment. In the event that any of the Loan Parties determine that making a scheduled payment to a Junior Lender would result in an Event of Default, Parent shall promptly notify the Most Senior Lender and Agent.

6. Prohibition on Payments.

(A) The foregoing provisions of Section 5 to the contrary notwithstanding, upon the happening of any Event of Default (or if the making of any payment otherwise permitted pursuant to Section 5 above would result in an Event of Default) under and as defined in the Senior Credit Agreement (or, if the Senior Loan has been paid in full, under the documents evidencing the Most Senior Loan) and upon receipt by Borrowers or any of the other Loan Parties of written notice (the "Default Notice") from the Most Senior Lender (or from Agent) concerning such Event of Default or resulting Event of Default:

(i) No direct or indirect payment in cash, property or securities, by set-off or otherwise, shall be made or agreed to be made by any Loan Party or accepted by any Junior Lender on account of the principal of, premium or interest on or any other amounts due under the Subordinated Loan Documents or in respect of any redemption, retirement or acquisition of any of the indebtedness evidencing or due under the Subordinated Loan Documents, and none of the Loan Parties shall segregate or hold in trust money for any such payment or distribution, unless and until Borrowers or the applicable Loan Parties have received a written notice from the Most Senior Lender (or from Agent) that all defaults referred to in such Default Notice have been cured or waived by the Most Senior Lender (or by Agent). The period from the giving of a Default Notice by the Most Senior Lender (or by Agent) until such time as all defaults referred to in such Default Notice have been cured or waived shall be referred to herein as the "Payment Prohibition Period." The Most Senior Lender and the applicable Loan Party receiving the Default Notice agree to promptly deliver a copy of the Default Notice to each of the Junior Lenders; provided, however, that the failure to promptly deliver a copy of the Default Notice to the Junior Lenders shall not limit the rights of the Most Senior Lender and Agent to enforce the prohibition upon payments set forth in this Section 6(A); provided further, that if any Junior Lender receives a regularly scheduled payment that gives rise to an Event of Default at a time when such Junior Lender has not received a copy of a Default Notice, then such Junior Lender shall be entitled to retain such payment.

(ii) If, notwithstanding the provisions of this Agreement, any payment or distribution of any character (whether in cash, securities or other property) or any security shall be received by any Junior Lender during a Payment Prohibition Period, and before the entire principal amount of, and all interest on, and all other amounts in respect of, the Senior Indebtedness shall have been finally paid in full, such payment, distribution or security shall not be commingled with any asset of the receiving Junior Lender, but shall be held in trust for the benefit of, and shall be paid over or delivered and transferred to, the Most Senior Lender (or to Agent) for application to the payment of all Senior Indebtedness remaining unpaid, until the principal amount of, and all interest (including interest thereon accruing after the commencement of any bankruptcy proceedings) and premium on, and all other amounts owed in respect of, the Senior Indebtedness shall have been paid in full.



(B) In the event that any failure of any Loan Party to make or any Junior Lender to receive any payment with respect to the Subordinated Indebtedness, as a result of the provisions of this Section 6, shall be deemed a default under the Subordinated Loan Documents of such Junior Lender, such event shall not give rise to any right on behalf of the applicable Junior Lender to exercise any Junior Lender Remedies, any provision of the Subordinated Loan Documents to the contrary notwithstanding, except as is specifically permitted pursuant to Section 6(C) below. Each Junior Lender shall, however, be entitled to accrue interest at any post default rate which may be applicable under such Junior Lender's Subordinated Loan Documents during any Payment Prohibition Period, and shall be entitled to add the amount of such accrued, unpaid default interest to the then outstanding principal balance of the applicable Subordinated Indebtedness. Any missed payments of principal resulting from a Payment Prohibition Period shall be deemed added as additional installments following the final maturity of the applicable Subordinated Indebtedness, and the Subordinated Loan Documents of each Junior Lender shall be deemed amended to extend the term of such Subordinated Indebtedness for that number of payment installment periods necessary for the applicable Loan Party to fully amortize the remaining principal installments that were deferred as a result of a Payment Prohibition Period.

(C) The remaining provisions of this Section 6 to the contrary notwithstanding, at any time when a Payment Prohibition Period has been in effect for more than nine (9) consecutive months, Tier 6 Junior Lender shall be entitled to exercise his judicial remedies (being those remedies described in clause (E) of the definition of Junior Lender Remedies), to institute a lawsuit, commence legal action, and otherwise enforce through the courts, against Holdings, the rights of Tier 6 Junior Lender under his applicable Subordinated Loan Documents; provided, however, that if (i) the Most Senior Lender (or Agent) agrees to terminate the Payment Prohibition Period as to Tier 6 Junior Lender (each other Lender hereby consenting to any such termination) and (ii) Holdings pays or causes to be paid to Tier 6 Junior Lender, within thirty (30) days after the date the Most Senior Lender (or Agent) terminates the Payment Prohibition Period, all amounts that came due but were not paid to Tier 6 Junior Lender during the Payment Prohibition Period, then upon such payment Tier 6 Junior Lender's rights under this Section 6(C) shall be suspended until the next failure of Holdings to pay amounts due on the Tier 6 Loan. Notwithstanding that Tier 6 Junior Lender would be entitled to exercise his judicial remedies in the circumstances described in this Section 6(C), any such exercise shall continue to be subject to the terms of this Agreement with respect to the rights of any More Senior Lender.

#### 7. Enforcement of Subordinated Indebtedness.

Except in the limited circumstances set forth in Section 6(C) above, until all of the Senior Indebtedness has been fully and finally paid, no Junior Lender shall exercise any Junior Lender Remedies. Each of the Loan Parties and each Junior Lender hereby covenants and agrees to give the Most Senior Lender and Agent written notice as to the occurrence of a default under the Subordinated Loan Documents upon such occurrence.

8. Subordinated Indebtedness Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of a Loan Party.

Upon any distribution of assets of any Loan Party in any dissolution, winding up, liquidation or reorganization of such Loan Party (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise) tending toward liquidation of the business and assets of such Loan Party:

(A) the holder of all Senior Indebtedness shall first be entitled to receive payment in full (or to have such payment duly provided for in a manner previously agreed upon or otherwise satisfactory to it) of the principal thereof, and premium and interest due thereon, and other amounts payable comprising such Senior Indebtedness, before any Junior Lender is entitled to receive any payment on account of the principal of, premium or interest on or any other amounts due under the Subordinated Indebtedness;

(B) any payment or distribution of assets of any Loan Party of any kind or character, whether in cash, property or securities, to which any Junior Lender would be entitled except for these provisions (including any payment or distribution in respect of the Subordinated Indebtedness by reason of any other indebtedness of the Loan Parties being subordinated to the Subordinated Indebtedness), shall be paid by the liquidating trustee or agent or other person making such payment or distribution directly to the holder of the Senior Indebtedness, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution or provision therefor to the holders of such Senior Indebtedness, and each Junior Lender or any other holder of the Subordinated Indebtedness irrevocably authorizes, empowers and directs all receivers, trustees, liquidators, conservators and others having authority in the premises to effect all such payments and deliveries directly to the holder of the Senior Indebtedness; and

(C) Each Junior Lender and any other holder of the Subordinated Indebtedness shall (1) execute and deliver to the Most Senior Lender or its representatives all such further instruments confirming the authorization referred to in the foregoing clause (B), (2) execute and deliver to the Most Senior Lender or its representatives any powers of attorney specifically confirming the rights of the Most Senior Lender (or of Agent or its representatives) arising hereunder, (3) execute and deliver to the Most Senior Lender or its representatives all proofs of claim, assignments of claim and other instruments as may be requested by the Most Senior Lender or Agent to enforce all claims upon or in respect of the Subordinated Indebtedness, and (4) take all other actions as may be requested by the Most Senior Lender or Agent to enforce all claims upon or in respect of the Subordinated Indebtedness.

Each Loan Party shall give prompt written notice to Agent and to each Junior Lender of any dissolution, winding up, liquidation or reorganization of such Loan Party or any assignment for the benefit of any of the creditors of such Loan Party tending toward the liquidation of the business and assets of such Loan Party.

9. Obligations of Loan Parties Unconditional.

Nothing contained herein or in the Loan Documents is intended to or shall impair, as between the Loan Parties and any of the Junior Lenders only, the obligation of the Loan Parties, which is absolute and unconditional, to pay to the holders of the Subordinated Indebtedness the principal of, premium (if any) and interest on the Subordinated Indebtedness as and when the same shall become due and payable in accordance with its terms, or to affect the relative rights of the Junior Lenders and creditors of the Loan Parties other than the Senior Lenders.

10. Subordination Rights Not Impaired by Acts or Omissions of the Loan Parties or Holder of Senior Indebtedness.

No right of any present or future holder of any Senior Indebtedness to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Loan Party, by any act or failure to act, in good faith, by any such holder, by any act or failure to act by any other holder, or by any noncompliance by any Loan Party, with the terms hereof, regardless of any knowledge thereof which any such holder may have or be otherwise charged with. This subordination shall continue and shall be irrevocable until the date all of the Senior Indebtedness has been fully and finally paid by Borrowers or otherwise discharged and released by each More Senior Lender. No Junior Lender shall be released, nor shall any Junior Lender's obligations hereunder be in any way diminished, by any of the following: (A) the exercise or the failure to exercise by Agent or any More Senior Lender of any rights or remedies conferred on it or them under the Loan Documents hereunder or existing at law or otherwise, or against any of the Collateral; (B) the commencement of an action at law or the recovery of a judgment at law against a Borrower or any obligor ("Obligor") for the performance of the Senior Indebtedness and the enforcement thereof through levy or execution or otherwise; (C) the taking or institution or any other action or proceeding against a Borrower or any Obligor; (D) any delay in taking, pursuing, or exercising any of the foregoing actions, rights, powers, or remedies (even though requested by one or more of the Junior Lenders) by Agent or the Most Senior Lender or anyone acting for Agent or the Most Senior Lender; or (E) the lack of validity, legality or enforceability of any documents evidencing the Senior Indebtedness. Without limiting the generality of the foregoing, and anything else contained herein to the contrary notwithstanding, Agent, from time to time, on behalf of Senior Lenders, or the Most Senior Lender directly, without notice to any Junior Lender, may take all or any of the following actions without in any manner affecting or impairing the obligation or liability of the Junior Lenders hereunder: (I) obtain a lien or a security interest in any property to secure any of the Senior Indebtedness; (II) obtain the primary and secondary liability of any party or parties with respect to any of the Senior Indebtedness; (III) renew, extend, or otherwise change the time for payment of the Senior Loan or any installment thereof for any period; (IV) release or compromise any liability of any nature of any person or entity with respect to the Senior Indebtedness; (V) exchange, enforce, waive, release, and apply any of the Collateral and direct the order or manner of sale thereof as Agent or the Most Senior Lender may in its discretion determine; (VI) enforce their rights hereunder, whether or not Agent, on behalf of Senior Lenders, or the Most Senior Lender directly, shall proceed against any other person or entity; (VII) agree to any amendment,

modification, or alteration of the Loan Documents and/or exercise its rights to consent to any action or non-action of a Borrower or any Obligor which may violate the covenants and agreements contained in the Loan Documents with or without consideration, on such terms and conditions as may be acceptable to it; or (VIII) exercise any of its rights conferred by the Loan Documents or by law.

11. Authority to Act for Junior Lenders.

For so long as any of the Senior Indebtedness shall remain unpaid, the Most Senior Lender shall have the right to act as each Junior Lender's attorney-in-fact for the purposes specified herein, and each Junior Lender hereby irrevocably appoints Agent (while the Senior Loan remains outstanding, and thereafter the Most Senior Lender) as its true and lawful attorney, with full power of substitution, in the name of Junior Lender or in the name of the Most Senior Lender or in the name of Agent on behalf of the Most Senior Lender, for the use and benefit of the Most Senior Lender, without notice to the applicable Junior Lender or any of its representatives, successors or assigns, to perform the following acts, at Agent's (or at the Most Senior Lender's) option, at any meeting of creditors of any Loan Party or in connection with any case or proceeding, whether voluntary or involuntary, for the distribution, division or application of the assets of any Loan Party or the proceeds thereof, regardless of whether such case or proceeding is for the liquidation, dissolution, winding up of affairs, reorganization or arrangement of such Loan Party, or for the composition of the creditors of such Loan Party, in bankruptcy or in connection with a receivership, or under an assignment for the benefit of creditors of such Loan Party or other similar proceedings:

(A) To enforce or vote claims comprising the Subordinated Indebtedness, either in its own name or in the name of such Junior Lender, by proof of debt, proof of claim, suit or otherwise; and

(B) To collect any assets of such Loan Party distributed, divided or applied by way of dividend or payment, or any securities issued, on account of the Subordinated Indebtedness and to apply the same, or the proceeds of any realization upon the same that Agent (or the Most Senior Lender) in its discretion elects to effect, to the Senior Indebtedness until all of the Senior Indebtedness (including, without limitation, all interest accruing on the Senior Indebtedness after the commencement of any bankruptcy case) has been paid in full, rendering any surplus to the Lender who, upon the payment of all such Senior Indebtedness, shall then become the Most Senior Lender, if and to the extent permitted by law.

In no event shall either Agent or the Most Senior Lender be liable to any Junior Lender for any failure to prove the Subordinated Indebtedness, to exercise any right with respect thereto or to collect any sums payable thereon.

12. Primary Purchase Option.

(A) Upon the occurrence of a Primary Option Trigger (hereafter defined), each of the Senior Lenders hereby grants in favor of the Optionee Group the right and option to

purchase the Senior Loan for an amount equal to the sum of: (i) the then outstanding principal balance of the Senior Loan, (ii) all then accrued and unpaid interest, whether calculated at the Base Interest Rate or the Post-Default Rate, (iii) the Applicable Prepayment Premium, (iv) any accrued and unpaid Loan Servicing Fees, (v) all amounts in respect of costs and expenses incurred by Agent or Senior Lenders and to which Agent or Senior Lenders are entitled to reimbursement pursuant to the terms of the Senior Credit Agreement, and (vi) any other amounts then due and owing to Agent or Senior Lenders pursuant to the terms of any of the Senior Loan Documents (collectively, the "Option Purchase Price"); provided, however, that in order to exercise the Purchase Option, the Optionee Group shall not be required to redeem the Warrant Agreement or any Warrant Shares pursuant to the "Holder Election" as set forth (and defined) in Section 5(b) of the Warrant Agreement, and the right of the "Holder" of the Warrant Agreement to exercise the "Holder Election," as set forth in Section 5(b) of the Warrant Agreement, shall permanently lapse and expire. The foregoing notwithstanding, Parent shall retain its right, during the "Redemption Period" to exercise the "Company Election" and redeem the Warrant Agreement for the "Company Redemption Amount" (as each such term is defined in the Warrant Agreement). The occurrence of either of the following events (each, a "Primary Option Trigger") shall give rise to the Purchase Option: (i) the occurrence of an Event of Default and the making of a determination by Senior Lenders or by Agent, on behalf of Senior Lenders, to enforce the senior lien on the Global Collateral (or any portion thereof) (such event being referred to herein as the "Senior Lien Enforcement Trigger"), or (ii) if, at any time, a Payment Prohibition Period has been in effect for more than six consecutive months (referred to herein as a "Payment Prohibition Trigger").

(B) Upon the occurrence of a Senior Lien Enforcement Trigger, Senior Lenders, by and through Agent, shall be entitled to notify the Optionee Group and Tier 6 Junior Lender in writing that Agent intends to exercise its remedies under the Senior Loan Documents and to enforce its lien on and security interest in all or part of the Global Collateral. Upon the delivery of such written notice (the "Senior Lender Notice"), the Optionee Group shall have a period of thirty (30) days (the "Option Exercise Period") following receipt of the Senior Lender Notice in which to advise Agent as to whether the Optionee Group elects to exercise its right to purchase the Senior Loan as set forth above. Upon the occurrence of a Payment Prohibition Trigger, the Optionee Group shall have the option to exercise its right to purchase the Senior Loan at any time thereafter when the Payment Prohibition Period giving rise to such Payment Prohibition Trigger remains in effect. Regardless of which Primary Option Trigger has occurred, any such election to purchase the Senior Loan must purchase the Senior Loan in its entirety, for the full Option Purchase Price as set forth in Section 12(A); provided, however, that the Optionee Group shall not be required to redeem the Warrant Agreement or purchase any then outstanding Warrant Shares in order to exercise the Purchase Option. The Optionee Group shall notify Agent in writing prior to the expiration of the Option Exercise Period (in the circumstances of a Senior Lien Enforcement Trigger) as to whether the Optionee Group intends to purchase the Senior Loan. Any such written notification of intent to exercise the Purchase Option shall be irrevocable. In the event the Optionee Group fails to notify Agent of its intent to exercise the Purchase Option on or before 5:00 p.m., California Time, on the last day of the Option Exercise Period, the Purchase Option shall forever terminate and expire, and Agent and Senior Lenders shall be at liberty to exercise any and all rights and remedies under the Senior Loan Documents. At any time when a Payment Prohibition Trigger is in effect, and until such time as the Payment Prohibition

Period giving rise to such Payment Prohibition Trigger has expired, the Optionee Group shall have the right to notify Agent in writing of its intention to exercise the Purchase Option hereunder, which written notice shall then have the same effect as if the Optionee Group had elected to exercise the Purchase Option following receipt of a Senior Lender Notice.

(C) In the event the Optionee Group elects to exercise the Purchase Option, the closing of the sale and transfer of the Senior Loan to the Optionee Group (or their designated nominee) shall occur within thirty (30) days thereafter, at which time (i) the Optionee Group shall pay the full Option Purchase Price to Agent in immediately available funds and (ii) Agent and Senior Lenders shall endorse and transfer the promissory notes evidencing the Senior Loan to the Optionee Group (or their nominee), without recourse, and shall transfer and assign all rights of Agent and Senior Lenders pursuant to the Senior Loan Documents to the Optionee Group or their nominee. All such transfers from Agent and Senior Lenders shall be without recourse and without representation or warranty of any kind, except that Agent and Senior Lenders shall represent and warrant only that (x) they are, as applicable, at the time of the transfer the sole owners and holders of the Senior Loan, (y) they have not transferred or assigned any portion of such indebtedness to any other Person, and (z) each of Agent and Senior Lenders have taken all necessary steps to properly authorize the sale and transfer of the Senior Loan and their execution and delivery of all documents necessary in connection therewith.

The Optionee Group specifically understands that in no event shall Agent or Senior Lenders make any representation or warranty as to the solvency or creditworthiness of any of the Loan Parties, the enforceability of any of the Senior Loan Documents, the effectiveness, priority, attachment, or perfection of any lien securing the Senior Loan, or the truth or accuracy of any information provided by Borrowers or any of the other Loan Parties. Each member of the Optionee Group shall, as part of the exercise of the Purchase Option, represent and warrant in favor of Agent and Senior Lenders that each such Person is familiar with the business, financial condition, solvency, profits, assets and prospects of the various Loan Parties, that each such Person has conducted its own due diligence and made its own credit decision in determining whether to exercise the Purchase Option, and that each such Person disclaims any reliance upon any information, of a credit nature or otherwise, provided to any such Person by Agent or Senior Lenders.

(D) Following the exercise of the Purchase Option and the closing of the acquisition of the Senior Loan by some or all of the Optionee Group (or their nominee), each member of the Optionee Group participating in the exercise of the Purchase Option shall, by written notice to Tier 6 Junior Lender, have the right to make the Cross-Collateralization Election, pursuant to which any of the then outstanding Tier 2 Loan, Tier 3 Loan, Tier 4 Loan and the Tier 5 Loan shall be immediately entitled to the benefits of the lien securing the Senior Loan on the Collateral assigned by Agent and Senior Lenders to the Optionee Group (or their nominee) for purposes of securing the repayment of all such indebtedness. Tier 6 Junior Lender hereby consents to the making of the Cross-Collateralization Election, and the resulting increase in the amount of indebtedness senior to the Tier 6 Loan that would come to be secured by the Ranger Collateral. Tier 6 Junior Lender acknowledges that, in accordance with the Settlement Agreement, each member of the Optionee Group was already entitled to a security position in the Ranger Collateral senior to the secured position of Tier 6 Junior Lender, and agrees that the

implementation of the Cross-Collateralization Election merely serves to complete the rights negotiated on behalf of the Optionee Group pursuant to the Settlement Agreement.

(E) The foregoing provisions hereof relative to the Cross-Collateralization Election notwithstanding, if, at any time, (i) any of the Ranger Grantors is in the process of a liquidation, dissolution, winding-up, or other final disposition or distribution of the assets of any such Person and (ii) the Senior Loan has been paid in full, then in order to implement the terms and provisions of the Settlement Agreement concerning the relative liens and priorities of the various Junior Lenders, Tier 6 Junior Lender hereby agrees that, at that time, each member of the Optionee Group shall be deemed to have and shall be entitled to the benefits of a lien on and security interest in the Ranger Collateral in the same priority as is enjoyed by the liens of each such Person on the Non-Ranger Collateral hereunder, and that the security interests in the Ranger Collateral so agreed upon in this Section 12(E) shall be entitled in all other respects to the benefits of this Agreement as between the remaining Lenders.

(F) Tier 7 Junior Lender hereby consents to the making of the Cross-Collateralization Election, and the resulting increase in the amount of indebtedness senior to the Tier 7 Loan that would come to be secured by the Ranger Collateral.

### 13. Secondary Purchase Option.

(A) Upon (i) the lapse of an Option Exercise Period under Section 12(B) above without the Optionee Group having given notice of its intention to exercise its Purchase Option thereunder, and for a period of fifteen (15) days thereafter (*i.e.*, until the day that is the forty-fifth (45<sup>th</sup>) day following delivery of the Senior Lender Notice, referred to herein as the "Option Expiration Date") and (ii) at any time when a Payment Prohibition Period has been in effect for more than seven consecutive months (each referred to herein as a "Secondary Option Trigger"), each of the Senior Lenders hereby grants in favor of Tier 6 Junior Lender the right and option to purchase the Senior Loan for an amount equal to the Option Purchase Price, and on the same terms and conditions as are applicable to the exercise by the Optionee Group of their Purchase Option pursuant to Sections 12(A), 12(B) and 12(C) hereof.

(B) Following the occurrence of a Secondary Option Trigger, (i) if such Secondary Option Trigger arises pursuant to clause (i) of Section 13(A), then Tier 6 Junior Lender shall have until 5:00 p.m., California time, on the Option Expiration Date to notify Agent and each member of the Optionee Group in writing of Tier 6 Junior Lender's election to exercise its right to purchase the Senior Loan, and (ii) if such Secondary Option Trigger arises pursuant to clause (ii) of Section 13(A), for so long as the Payment Prohibition Period giving rise thereto remains in effect, Tier 6 Junior Lender shall be entitled to notify Agent and each member of the Optionee Group in writing of Tier 6 Junior Lender's election to exercise its right to purchase the Senior Loan (each, a "Secondary Option Exercise Notice"). Upon receipt of a Secondary Option Exercise Notice, if the Secondary Option Trigger giving rise to such notice arose pursuant to clause (ii) of Section 13(A), then the Optionee Group shall have a period of five (5) Business Days in which to advise Agent and Tier 6 Junior Lender in writing of their decision to exercise their right to purchase the Senior Loan pursuant to Section 12 above (a "Preemption Notice"). If the Optionee Group delivers a Preemption Notice, then such Preemption Notice shall have the

same effect as a written notice given by the Optionee Group in accordance with the last sentence of Section 12(B) above, and the closing of the exercise of the Purchase Option by the Optionee Group shall proceed in accordance with the remainder of Section 12 above. The Optionee Group shall have no right to deliver a Preemption Notice if the Secondary Option Trigger arose pursuant to clause (i) of Section 13(A).

(C) If no Preemption Notice is given by the Optionee Group within the period specified in Section 13(B) above, or if the relevant Secondary Option Trigger arose pursuant to clause (i) of Section 13(A), then the notice given by Tier 6 Junior Lender shall become irrevocable, and Tier 6 Junior Lender shall close its exercise of its Purchase Option in accordance with the procedures set forth in Sections 12(A), 12(B) and 12(C) above, substituting Tier 6 Junior Lender for the Optionee Group in the exercise of its Purchase Option.

14. Waivers.

The Loan Parties and Junior Lenders each hereby waives any defense based on the adequacy of a remedy at law which might be asserted as a bar to the remedy of specific performance of this Agreement in any action brought therefor by Agent on behalf of Senior Lenders or by any Most Senior Lender. To the fullest extent permitted by law and except as otherwise expressly provided in Section 6(A) hereof, each of the Loan Parties and each of the Junior Lenders hereby further waives: presentment, demand, protest, notice of protest, notice of default or dishonor, notice of payment or nonpayment and any and all other notices and demands of any kind in connection with all negotiable instruments evidencing all or any portion of the Senior Indebtedness or the Subordinated Indebtedness to which any Loan Party or any Junior Lender may be a party; notice of any loans made, extensions granted or other action taken in reliance thereon; and all other demands and notices of every kind in connection with this Agreement, the Senior Indebtedness or the Subordinated Indebtedness. Each Junior Lender assents to any release, renewal, extension, compromise or postponement of the time of payment of the Senior Indebtedness, to any substitution, exchange or release of collateral therefor and to the addition or release of any person primarily or secondarily liable thereon.

15. Indulgences Not Waivers.

Neither the failure nor any delay on the part of Agent or the Most Senior Lender to exercise any right, remedy, power or privilege hereunder shall operate as a waiver thereof or give rise to an estoppel, nor be construed as an agreement to modify the terms of this Agreement, nor shall any single or partial exercise of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver by a party hereunder shall be effective unless it is in writing and signed by the party making such waiver, and then only to the extent specifically stated in such writing.



16. Default.

Subject to applicable notice and/or grace periods, if any, if any representation or warranty of any Loan Party or any Junior Lender in this Agreement or in any instrument evidencing, securing or relating to the Senior Indebtedness proves to have been materially false when made, or, in the event of a breach either by any Loan Party or any Junior Lender in the performance of any of the material terms of this Agreement, or any instrument or agreement evidencing, securing or relating to the Senior Indebtedness, all of the Senior Indebtedness shall, at the option of Agent (or the Most Senior Lender), become immediately due and payable without presentment, demand, protest, or notices of any kind, notwithstanding any time or credit otherwise allowed. At any time any Junior Lender fails to comply with any provision of this Agreement that is applicable to such Junior Lender, the Most Senior Lender (or Agent) may demand specific performance of this Agreement, whether or not the Loan Parties complied with this Agreement, and may exercise any other remedy available at law or equity.

17. Amendment of Subordinated Loan Documents. Each of the Junior Lenders agrees that it will not, without the consent of the Most Senior Lender, amend its Subordinated Loan Documents so as to modify the financial terms thereof (including, without limitation, the amount of principal, rate of interest, dividends, fees and premiums, if any), shorten the maturity thereof, add or change any covenants in a manner more restrictive to Borrowers or any of the other Loan Parties, or implement any other modification to the Subordinated Loan Documents if such modification would be materially adverse to any More Senior Lender. For purposes of clarity, each of the Lenders agrees, to the extent such Lender constitutes a More Senior Lender as to certain other Lenders party to this Agreement, that all Junior Lenders as to whom such Lender constitutes a More Senior Lender may modify their applicable Subordinated Loan Documents as long as such modifications cause the terms of the relevant Subordinated Indebtedness to become less burdensome or less restrictive, or otherwise could not have a material adverse effect on the rights of any More Senior Lender.

18. Inconsistent or Conflicting Provisions. In the event any provision of the Senior Loan Documents or the Subordinated Loan Documents is inconsistent or conflicts with the provisions of this Agreement, the provisions of this Agreement shall govern and prevail.

19. Notices.

Any notice or other communication required or permitted to be given shall be in writing addressed to the respective party as set forth below or to such other address as a party may, by written notice, designate, and may be personally served, telecopied or sent by overnight courier, next business day delivery guaranteed, or by U.S. certified or registered mail, return receipt requested, and shall be deemed given: (a) if served in person, when served; (b) if telecopied, on the date of transmission if before 3:00 p.m. (eastern time) on a Business Day, otherwise on the next Business Day; provided that a hard copy of such notice is also sent pursuant to (c) or (d) below and provided further that the transmission is shown as complete by electronic verification; (c) if by overnight courier, next Business Day delivery guaranteed, on the next Business Day on which delivery is guaranteed after delivery to the courier; or (d) if by U.S. mail, certified or registered mail, return receipt requested, on the third (3rd) Business Day after deposit

in the mail, postage prepaid, in a manner that permits the U.S. Postal Service to track the communication.

(A) If to Senior Lenders:  
c/o Emerald Crest Management Company, LLC  
500 Newport Center Drive, Suite 950  
Newport Beach, California 92660  
Attention: Carleton S. Breed

With a Copy To:  
Gammage & Burnham, P.L.C.  
Two North Central Avenue, 15th Floor  
Phoenix, Arizona 85004  
Attention: Kevin R. Merritt, Esq.

(B) If to Junior Lenders:  
IU Holdings, LP  
Occidental Tower  
Canterbury, Elder, Gooch & Surratt, P.C.  
Attention Patty Stein  
5005 LBJ Freeway, Suite 100  
Dallas, Texas 75244

IU Investments, LLC  
c/o IMC2 accounting  
12404 Park Central, Suite 400  
Dallas, Texas 75251

Internet University, Inc.  
12404 Park Central, Suite 400  
Dallas, Texas 75251

Marc Blumberg  
6439 Riverview Lane  
Dallas, Texas 75248

Marc A. Pickren  
1220 Crestcove Drive  
Rockwall, TX 75087

Ned B. Timmer  
2113 N White Birch Dr.  
Mears, MI 49436

Scott N. Beck  
13101 Park Central, Suite 100  
Dallas, Texas 75240

(C) If to the Loan Parties:  
c/o CornerWorld Corporation  
13101 Preston Road  
Suite 100  
Dallas, Texas 75240

With a Copy To:  
D. Woodard Glenn, P.C  
c/o Philip D. Collins  
2626 Cole Avenue, Ste. 510  
Dallas, TX 75204

Any addressee may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section for the giving of notice.

20. Benefit.

Each Junior Lender represents and warrants that the making of the Senior Loan will benefit such Junior Lender directly and materially. Each Junior Lender acknowledges that Senior Lenders would not make the Senior Loan but for the execution of this Agreement. Therefore, each Junior Lender has received good, sufficient and adequate consideration for the making of this Agreement.

21. Entire Agreement.

This Agreement constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, whether express or implied, oral or written. Neither this Agreement nor any portion or provision hereof may be changed, waived or amended orally or in any manner other than by an agreement in writing signed by Agent, the Senior Lenders, each of the Loan Parties, and each of the Junior Lenders.

22. Additional Documentation.

Each of the Loan Parties and each of the Junior Lenders shall execute and deliver to Agent or to any More Senior Lender such further instruments and shall take such further action as Agent or Senior Lenders or any More Senior Lender may at any time or times reasonably request in order to carry out the provisions and intent of this Agreement.

23. Expenses.

Borrowers agree to pay Agent and Senior Lenders on demand all expenses of every kind, including reasonable attorneys' fees (whether incurred in a third party action or in an action brought by Agent or Senior Lenders against Borrowers or any of the other Loan Parties to enforce its rights under this Section), that Agent or Senior Lenders, as applicable, may reasonably incur in enforcing any of its rights against any Loan Party under this Agreement. As between Agent and Senior Lenders, on the one hand, and each of the Junior Lenders, on the other hand, the non-prevailing party shall pay to the prevailing party all expenses incurred by the prevailing party in enforcing its rights against the non-prevailing party under this Agreement (including reasonable attorneys' fees of the prevailing party).

24. Successors and Assigns.

This Agreement shall inure to the benefit of Agent, Senior Lenders, and their respective successors and assigns, and shall be binding upon each of the Loan Parties and each of the Junior Lenders and their respective successors and assigns, including, without limitation, each and every subsequent holder of any Junior Lender Note. The Most Senior Lender, without notice of any kind, may sell, assign or transfer the Senior Indebtedness, and in such event each and every immediate and successive assignee or transferee thereof may be given the right by the Most Senior Lender to enforce this Agreement in full against each of the Loan Parties and each of the Junior Lenders, by suit or otherwise, for its own benefit. Each Junior Lender agrees, for the benefit of any such assignee or transferee, that such Junior Lender's obligations hereunder shall not be subject to any reduction, abatement, defense, set-off, counterclaim or recoupment for any reason whatsoever.

25. Defects Waived.

This Agreement is effective notwithstanding any defect in the legality, validity or enforceability of any instrument or document evidencing, securing or perfecting the Senior Indebtedness. To the extent of any such defect affecting any of the Senior Loan Documents, the right of any Junior Lender to challenge the enforceability of this Agreement as the result of such defect is hereby irrevocably waived.

26. Subrogation.

Subject to the foregoing provisions hereof, provided that the Senior Indebtedness has been paid in full (and shall not be subject to avoidance under Section 547 of the Bankruptcy

Code) each of the Junior Lenders shall be subrogated, to the extent of such Senior Indebtedness so paid, to the rights of the holder of such Senior Indebtedness to receive payments or distributions or assets of the Loan Parties that secure such Senior Indebtedness until all amounts owing on the Subordinated Indebtedness shall be paid in full. For the purpose of such subrogation, no payments or distributions to the holder of the Senior Indebtedness by or on behalf of any Loan Party or by or on behalf of any Junior Lender by virtue of the provisions hereof which otherwise would have been made to such Junior Lender shall, as between the Loan Parties, a creditor of the Loan Parties (other than such Junior Lender and any More Senior Lender) and such Junior Lender, be deemed to be payment by the Loan Parties to or on account of the Senior Indebtedness, it being understood that the provisions of this Agreement are, and are intended solely, for the purpose of defining the relative rights of the Junior Lenders on the one hand, and the More Senior Lenders on the other hand.

27. Reinstatement.

The obligations of each Junior Lender under this Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time any payment in respect of any Senior Indebtedness is rescinded or must otherwise be restored or returned by any More Senior Lender by reason of any bankruptcy, reorganization, arrangement, composition or similar proceeding or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Loan Party or any substantial part of its property, or otherwise, all as though such payment had not been made.

28. Governing Law.

IT IS THE INTENT OF THE PARTIES HERETO THAT, IN ACCORDANCE WITH SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAWS, THE VALIDITY, CONSTRUCTION AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK. FOR PURPOSES OF ANY ACTION OR PROCEEDING ARISING OUT OF THIS AGREEMENT, IN ACCORDANCE WITH SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THE PARTIES HERETO HEREBY AGREE THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY EITHER ANY LOAN PARTY OR ANY JUNIOR LENDER AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS AGREEMENT SHALL BE LITIGATED IN THE COURTS OF THE STATE OF NEW YORK AND THE COUNTY OF NEW YORK OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR, IF AGENT OR ANY SENIOR LENDER INITIATES SUCH ACTION, IN ADDITION TO THE FOREGOING COURTS, ANY COURT IN WHICH AGENT OR SUCH SENIOR LENDER SHALL INITIATE SUCH ACTION, TO THE EXTENT SUCH COURT HAS JURISDICTION. EACH OF THE LOAN PARTIES AND EACH OF THE JUNIOR LENDERS HEREBY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED BY SENIOR LENDERS OR AGENT AND HEREBY WAIVES ANY CLAIM THAT SUCH COURTS ARE AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED UPON LACK OF VENUE. THE EXCLUSIVE CHOICE OF FORUM AS SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE

ENFORCEMENT BY SENIOR LENDERS OR AGENT OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY SENIOR LENDERS OR AGENT OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND THE LOAN PARTIES AND EACH OF THE JUNIOR LENDERS HEREBY WAIVE THE RIGHT TO COLLATERALLY ATTACK SUCH JUDGMENT OR ACTION.

29. Termination. This Agreement shall terminate upon the final and indefeasible payment in full of the principal amount of, and all interest and premium on, and all other amounts in respect of, all Senior Indebtedness (*i.e.*, at any time when there is no Junior Lender to succeed to the position of the Most Senior Lender hereunder).

30. Jury Trial.

EACH OF THE SENIOR LENDERS, AGENT, EACH OF THE JUNIOR LENDERS AND EACH OF THE LOAN PARTIES HEREBY WAIVES TRIAL BY JURY IN ANY DISPUTE ARISING FROM, UNDER OR IN CONNECTION WITH THIS AGREEMENT.

31. Severability.

The provisions of this Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, it is the intent of the parties that such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, and that this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

32. Headings. The headings of the Sections of this Agreement are for convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

33. Counterparts.

This Agreement may be executed in any number of separate counterparts, all of which, when taken together, shall constitute one and the same instrument, notwithstanding the fact that all parties did not sign the same counterpart. This Agreement may be executed by facsimile or by the electronic transmission of a signed copy, with the same force and effect as if all signatures were originals.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement as of the date first above written.

"SENIOR LENDERS"

SOVEREIGN - EMERALD CREST CAPITAL PARTNERS II, LP, a Delaware limited partnership

By: Emerald Crest Capital II, LLC, a Delaware limited liability company, its General Partner

By: \_\_\_\_\_  
Carleton S. Breed, President

PACIFIC SPECIALTY INSURANCE COMPANY, a California corporation

By: Emerald Crest Management Company, LLC, a Delaware limited liability company, its Agent

By: \_\_\_\_\_  
Monu J. Joseph, President

"AGENT"

EMERALD CREST MANAGEMENT COMPANY, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CONTINUATION SIGNATURE PAGE TO  
SUBORDINATION AGREEMENT]

"JUNIOR LENDERS"

IU HOLDINGS, LP a Texas limited  
partnership

By: IU Holdings GP, Inc., a  
Delaware corporation, its  
General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IU INVESTMENTS, LLC a Texas  
limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

INTERNET UNIVERSITY, INC., a Texas  
corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
MARC BLUMBERG, an individual

\_\_\_\_\_  
MARC A. PICKREN, an individual

\_\_\_\_\_  
NED B. TIMMER, an individual

\_\_\_\_\_  
SCOTT N. BECK, an individual



[CONTINUATION SIGNATURE PAGE TO  
SUBORDINATION AGREEMENT]

"LOAN PARTIES"

S SQUARED, L.L.C., an Illinois limited  
liability company

ENVERSA COMPANIES LLC, a Texas  
limited liability company

\_\_\_\_\_  
Name: Scott N. Beck  
Title: President and Chief Executive Officer

\_\_\_\_\_  
Name: Scott N. Beck  
Title: Chief Executive Officer

WOODLAND WIRELESS SOLUTIONS  
LTD., a Michigan corporation

CORNERWORLD CORPORATION, a  
Nevada corporation

By \_\_\_\_\_  
Name: Scott N. Beck  
Title: Chairman, CEO and President

\_\_\_\_\_  
Name: Scott N. Beck  
Title: Chairman and Chief Executive Officer

WOODLAND HOLDINGS CORP., a  
Delaware corporation

CORNERWORLD, INC., a Delaware  
corporation

\_\_\_\_\_  
Name: Scott N. Beck  
Title: Chief Executive Officer

\_\_\_\_\_  
Name: Scott N. Beck  
Title: President and Chief Executive Officer

GULF MEDIA SOLUTIONS, LLC, a  
Delaware limited liability company

TINY DIAL, LLC, a Delaware limited liability  
company

\_\_\_\_\_  
Name: Patrick Vilyus  
Title: President

\_\_\_\_\_  
Name: Scott N. Beck  
Title: Chief Executive Officer

BASCOMB & RICHARDS, LLC, a  
Delaware limited liability company

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Name: Joel Brewer  
Title: President

MONEY JACK, LLC, a Delaware limited  
liability company

---

Name: Scott N. Beck  
Title: Chief Executive Officer

T2 TV, L.L.C., a Michigan limited  
liability company

---

Name: Scott N. Beck  
Title: President and Chief Executive Officer

DIGITAL360, LLC, a Nevada limited  
liability company

---

Name: Israel Arguello  
Title: Chief Executive Officer

WEST MICHIGAN CO-LOCATION  
SERVICES, L.L.C., a Michigan limited liability  
company

---

Name: Scott N. Beck  
Title: President and Chief Executive Officer

LANTANA DIRECT, LLC, a Delaware  
limited liability company

---

Name: Steve Eaton  
Title: President

AVENTURA MEDIA SYSTEMS, LLC, a  
Florida limited liability company

---

Name: Don Roberts  
Title: Chief Executive Officer

THE LEADSTREAM, LLC, a Delaware  
limited liability company

---

Name: Marc Pickren  
Title: President

CORNERWORLD TV, LLC, a Michigan  
limited liability company

---

Name: Scott N. Beck  
Title: President

T2 COMMUNICATIONS, L.L.C., a  
Michigan limited liability company

By: Woodland Holdings Corp., its sole  
member

---

Scott N. Beck  
Chairman and Chief Executive Officer

PHONE SERVICES & MORE, L.L.C., a  
Michigan limited liability company

By: Woodland Holdings Corp., its sole  
member

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Scott N. Beck  
Chairman and Chief Executive Officer

[CONTINUATION SIGNATURE PAGE TO  
SUBORDINATION AGREEMENT]

DIGITAL360, LLC, a Nevada limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

AVENTURA MEDIA SYSTEMS, LLC, a Florida limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PHONE SERVICES & MORE, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE LEADSTREAM, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WEST MICHIGAN CO-LOCATION SERVICES, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

T2 TV, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

T2 COMMUNICATIONS, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CORNERWORLD TV, LLC, a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MONEY JACK, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT A

All of Grantor' s right, title and interest, whether now existing or hereafter arising or acquired, in and to any and all of the following items of personal property of Grantor:

1. Accounts (as defined in the UCC).
2. Certificated Securities (as defined in the UCC).
3. Chattel Paper (as defined in the UCC).
4. All of Grantor' s rights (including rights as licensee and lessee) with respect to (A) computer and other electronic data processing units, memory units, display terminals, printers, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories, peripheral devices and other related computer hardware; (B) all Software (as defined in the UCC), and all software programs designed for use on the computers and electronic data processing hardware described in clause (A) above, including all operating system software, utilities and application programs in any form (source code and object code in magnetic tape, disk or hard copy format or any other listings whatsoever); (C) any firmware associated with any of the foregoing; and (D) any documentation for hardware, Software and firmware described in clauses (A), (B), and (C) above, including flow charts, logic diagrams, manuals, specifications, training materials, charts and pseudo codes (the "Computer Hardware and Software") and all rights with respect to the Computer Hardware and Software, including any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing.
5. Any right of the Grantor to payment under a contract for the sale or lease of goods or the rendering of services, which right is at the time not yet earned by performance.
6. Deposit Accounts (as defined in the UCC).
7. Documents (as defined in the UCC).
8. Equipment (as defined in the UCC).
9. Financial Assets (as defined in the UCC).
10. General Intangibles (as defined in the UCC), including Payment Intangibles (as defined in the UCC) and Software.
11. Goods (as defined in the UCC) (including all of its Equipment, Fixtures and Inventory, all as defined in the UCC), and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor.
12. Instruments (as defined in the UCC).

13. All past, present and future: trade secrets, know-how and other proprietary information; trademarks, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and the goodwill of the business relating thereto and all registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights (including copyrights for computer programs) and copyright registrations or applications for registrations which have heretofore been or may hereafter be issued throughout the world and all tangible property embodying the copyrights, unpatented inventions (whether or not patentable); patent applications and patents; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; the right to sue for all past, present and future infringements of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing (the “Intellectual Property”).

14. Inventory (as defined in the UCC).

15. Investment Property (as defined in the UCC).

16. Money (of every jurisdiction whatsoever, as defined in the UCC).

17. Letter-of-Credit Rights (as defined in the UCC).

18. Payment Intangibles (as defined in the UCC).

19. Security Entitlements (as defined in the UCC).

20. Software (as defined in the UCC).

21. To the extent not included in the foregoing, all other personal property of any kind or description; together with all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds (as defined in the UCC), products, offspring, rents, issues, profits and returns of and from any of the foregoing; provided that to the extent that the provision of any lease or license of Computer Hardware or Software or Intellectual Property expressly prohibit (which prohibition is enforceable under applicable law) any assignment thereof, and the grant of a security interest therein, Secured Party will not enforce its security interest in Grantor’s rights under such lease or license (other than in respect of the Proceeds thereof) for so long as such prohibition continues, it being understood that upon the request of Secured Party, Grantor will in good faith use reasonable efforts to obtain consent for the creation of a security interest in favor of Secured Party (and to Secured Party’s enforcement of such security interest) in such Secured Party’s rights under such lease or license.

## EXHIBIT B

All of Parent' s right, title and interest, whether now existing or hereafter arising or acquired, in and to any and all of the following items of personal property of Parent:

1. Stock certificate No. 1 representing 100 shares of CWI, and constituting all of Parent's common stock of Cornerworld, Inc.
2. Membership unit certificates no. 1, no. 2 and no. 3 representing 87%, 10% and 3%, respectively, of the membership interests of Enversa, and constituting all of Parent's member units of Enversa Companies LLC.
3. Stock certificate No. 1, representing 50 shares of Woodland Holdings Corp., a Delaware corporation.
4. Stock certificate No. 2, representing 50 shares of Woodland Holdings Corp., a Delaware corporation.
5. To the extent not included in the foregoing, all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds (as defined in the UCC), products, offspring, rents, issues, profits and returns of and from any of the foregoing.
6. Deposit Accounts (as defined in the UCC).
7. Money (of every jurisdiction whatsoever) (as defined in the UCC).

## EXHIBIT C

All of Holding' s right, title and interest, whether now existing or hereafter arising or acquired, in and to any and all of the following items of personal property of Holdings:

1. Unit Certificate No. 2, representing 500 voting member units of the membership interests of T2TV.
2. Unit Certificate No. 3, representing 500 voting member units of the membership interests of T2TV.
3. Unit Certificate No. 2, representing 500 voting member units of the membership interests of West Michigan.
4. Unit Certificate No. 3, representing 500 voting member units of the membership interests of West Michigan.
5. Unit Certificate No. 2, representing 1,000 voting member units of the membership interests of T2.
6. Unit Certificate No. 2, representing 1,000 voting member units of the membership interests of PSM.
7. Unit Certificate No. 1 representing 100% of the membership interests of CWTV.
8. To the extent not included in the foregoing, all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds (as defined in the UCC), products, offspring, rents, issues, profits and returns of and from any of the foregoing.
9. Deposit Accounts (as defined in the UCC).
10. Money (of every jurisdiction whatsoever) (as defined in the UCC).



## EXHIBIT D

All of Woodland Wireless' s right, title and interest, whether now existing or hereafter arising or acquired, in and to any and all of the following items of personal property of Woodland Wireless:

1. Unit Certificate No. 3, representing 500 voting member units of the membership interests of Ranger.
2. Unit Certificate No. 4, representing 500 voting member units of the membership interests of Ranger.
3. To the extent not included in the foregoing, all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds (as defined in the UCC), products, offspring, rents, issues, profits and returns of and from any of the foregoing.

Exhibit 10.8

**JOINDER AGREEMENT**

THIS JOINDER AGREEMENT, dated as of March 30, 2011 (this "Agreement"), to the Credit Agreement referred to below is entered into by and among S SQUARED, L.L.C., an Illinois limited liability company ("S Squared"), ENVERSA COMPANIES, LLC, a Texas limited liability company ("Enversa") (S Squared and Enversa are individually referred to herein as a "Borrower" and collectively as "Borrowers"), each Person that executes this Agreement as a guarantor (each a "Guarantor" and collectively, "Guarantors") and EMERALD CREST MANAGEMENT COMPANY, LLC, a Delaware limited liability company, as agent for itself and Lenders referred to below (in such capacity, together with any successor in such capacity, "Agent").

WHEREAS, Borrowers, Sovereign - Emerald Crest Capital Partners II, LP, and Pacific Specialty Insurance Company (each a "Lender" and, collectively, "Lenders") and Agent have concurrently herewith entered into that certain Credit Agreement dated as of March 30, 2011 (such agreement, as amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, being hereinafter referred to as the "Credit Agreement"), pursuant to which Lenders have agreed to make loans to Borrowers (the "Loans") in an aggregate principal amount not to exceed the Total Commitment (as defined under the Credit Agreement);

WHEREAS, pursuant to Article XI of the Credit Agreement, Borrowers' obligation to repay the Loans and to perform all of the other Obligations are to be guaranteed, jointly and severally, by Guarantors; and

WHEREAS, Guarantors have determined that the execution, delivery and performance of this Agreement will directly benefit, and are within the corporate purposes and in the best interests of, Guarantors. Accordingly, Guarantors desire to execute and deliver this Agreement in order to join in and assume the obligations of Guarantors under the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Reference is hereby made to the Credit Agreement for a statement of the terms thereof. All terms used in this Agreement which are defined in the Credit Agreement and not otherwise defined herein shall have the same meanings herein as set forth in the Credit Agreement.

SECTION 2. Joinder of Guarantors.

(a) By its execution of this Agreement, each Guarantor hereby (i) confirms that the representations and warranties contained in Article VI of the Credit Agreement are true and correct in all material respects as to such Guarantor as of the Effective Date of the Credit Agreement, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct

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in all material respects on and as of such earlier date), and (ii) agrees that, from and after the effective date of this Agreement, such Guarantor shall be a party to the Credit Agreement and shall be bound by, and hereby assumes, as a Guarantor, all of the provisions thereof and shall comply with and be subject to all of the terms, conditions, covenants, agreements and obligations set forth therein and applicable to Guarantors, including, without limitation, the guaranty of the Obligations made by Guarantors, jointly and severally, in favor of Agent and Lenders pursuant to Article XI of the Credit Agreement. Each Guarantor hereby agrees that from and after the effective date of this Agreement each reference to a "Guarantor" or a "Loan Party" and each reference to the "Guarantors" or the "Loan Parties" in the Credit Agreement shall include Guarantors hereunder. Each Guarantor acknowledges that it has received a copy of the Credit Agreement and each other Loan Document and that it has read and understands the terms thereof.

(b) Attached hereto are supplements to each Schedule to the Credit Agreement that include all information required to be provided therein with respect to, and only with respect to, Guarantors. The Schedules to the Credit Agreement shall, without further action, be amended to include the information contained in each such supplement.

(c) Notwithstanding anything to the contrary contained in this Agreement:

(i) Guarantors shall not be required to provide supplemental schedules as required under Section 2(b) hereof or otherwise under the Loan Documents if such information with respect to each Guarantor is already included in such schedules; and

(ii) Guarantors shall not be required to provide documents under Section 3 hereof if Guarantors have already provided such documents or comparable documents pursuant to the terms of the Loan Documents.

SECTION 3. Effectiveness. This Agreement shall become effective upon its execution by Agent and receipt by Agent of the following, in each case in form and substance satisfactory to Agent:

(a) original counterparts to this Agreement, duly executed by Borrowers, Guarantors and Agent, together with the supplemental Schedules referred to in Section 2(b) hereof, if applicable;

(b) a Pledge and Security Agreement, duly executed by each Guarantor, together with any supplemental schedules, instruments of assignment or other documents required to be delivered to Agent pursuant to the terms thereof, together with: (i) certificates, if any, representing 100% of the issued and outstanding Capital Stock of Guarantors and each Subsidiary of Guarantors, (ii) all original promissory notes of Guarantors, if any, that are required to be delivered under the Loan Documents, in each case, accompanied by instruments of assignment and transfer in such form as Agent may reasonably request, and (iii) a certificate of the appropriate official(s) of the jurisdiction of organization and each jurisdiction of foreign qualification of Guarantors and each Subsidiary of Guarantors, certifying as to the

subsistence in good standing of, and the payment of taxes by, Guarantors and each Subsidiary of Guarantors in such jurisdiction.

- (c) (i) appropriate financing statements on Form UCC-1 duly filed in such office or offices as may be reasonably necessary or, in the opinion of Agent, desirable to perfect the security interests purported to be created by the Pledge and Security Agreement and (ii) evidence reasonably satisfactory to Agent of the filing of such UCC-1 financing statements;
- (d) a favorable written opinion of counsel to the Loan Parties as to such matters as Agent may reasonably request; and
- (e) such other agreements, instruments or other documents as Agent may reasonably request in order to create, perfect, establish the first priority (subject in priority only to Permitted Liens that, pursuant to the terms of the Credit Agreement, are permitted to be prior to the Liens in favor of Agent, for the benefit of Agent and Lenders) of or otherwise protect any Lien purported to be covered by the Pledge and Security Agreement or any Mortgage or otherwise to effect the intent that Guarantors shall become bound by all of the terms, covenants and agreements contained in the Loan Documents and that all property and assets of Guarantors shall become Collateral for the Obligations, free and clear of all Liens other than Permitted Liens.

SECTION 4. Notices, Etc. All notices and other communications provided for hereunder shall be in writing and shall be mailed (by certified mail, postage prepaid and return receipt requested), telecopied or delivered by hand, Federal Express or other reputable overnight courier, if to Guarantors, to them at the address set forth below the Guarantors' signatures to this Agreement, and if to a Borrower or Agent, to it at its address specified in the Credit Agreement; or as to any such Person at such other address as shall be designated by such Person in a written notice to such other Person complying as to delivery with the terms of this Section 4. All such notices and other communications shall be effective, (a) if mailed (certified mail, postage prepaid and return receipt requested), when received or 3 days after deposited in the mails, whichever occurs first, (b) if telecopied, when transmitted and confirmation received, or (c) if delivered by hand, Federal Express or other reputable overnight courier, upon delivery.

SECTION 5. General Provisions.

(a) Each Borrower and each Guarantor hereby confirms that each representation and warranty made by it under the Loan Documents is true and correct in all material respects as of the date hereof, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects on and as of such earlier date), and that no Default or Event of Default has occurred or is continuing under the Credit Agreement. Each Borrower and each Guarantor hereby represents and warrants that as of the date hereof there are no claims or offsets against or defenses or counterclaims to their respective obligations under the Credit Agreement or any other Loan Document.

(b) Except as supplemented hereby, the Credit Agreement and each other Loan Document are and shall continue to be, and shall remain, in full force and effect.

This Agreement shall not be deemed (i) to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Credit Agreement or any other Loan Document or (ii) to prejudice any right or rights that Agent or Lenders may now have or may have in the future under or in connection with the Credit Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or otherwise modified from time to time.

(c) Each Guarantor hereby expressly (i) authorizes Agent to file appropriate financing statements or continuation statements, and amendments thereto (including without limitation, any such financing statements that indicate the Collateral as "all assets" or words of similar import), in such office or offices as may be necessary or, in the opinion of Agent, desirable to perfect the Liens created by the Pledge and Security Agreement and each of the other Loan Documents and (ii) ratifies such authorization to the extent that Agent has filed any such financing statements or continuation statements, or amendments thereto, prior to the date hereof. A photocopy or other reproduction of the Pledge and Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(d) Borrowers agree to pay or reimburse Agent and Lenders for all of their reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Agreement, including, without limitation, the reasonable fees and disbursements of counsel.

(e) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopier or electronic transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement.

(f) Section headings in this Agreement are included herein for the convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(g) FOR PURPOSES OF ANY ACTION OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, IN ACCORDANCE WITH SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THE PARTIES HERETO HEREBY EXPRESSLY AND IRREVOCABLY CONSENT AND SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH BORROWER AND EACH GUARANTOR HEREBY IRREVOCABLY ACCEPTS IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH BORROWER AND EACH GUARANTOR HEREBY IRREVOCABLY APPOINTS THE SECRETARY OF STATE OF THE STATE OF NEW YORK AS ITS AGENT FOR SERVICE OF PROCESS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING AND FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF

ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE BORROWERS AT THEIR ADDRESS FOR NOTICES AS SET FORTH IN THE CREDIT AGREEMENT, TO THE GUARANTORS AT THEIR ADDRESSES AS SET FORTH BELOW, AND TO THE SECRETARY OF STATE OF THE STATE OF NEW YORK, SUCH SERVICE TO BECOME EFFECTIVE 10 DAYS AFTER SUCH MAILING. EACH BORROWER AND EACH GUARANTOR 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 HEREIN SHALL AFFECT THE RIGHT OF THE AGENT AND LENDERS TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST EITHER BORROWER OR ANY GUARANTOR IN ANY OTHER JURISDICTION. EACH BORROWER AND EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT A BORROWER OR ANY GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, EACH BORROWER AND EACH GUARANTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT.

(h) IT IS THE INTENT OF THE PARTIES HERETO THAT, IN ACCORDANCE WITH SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, ALL PROVISIONS OF THIS AGREEMENT AND OF THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED EXCLUSIVELY IN THE STATE OF NEW YORK.

(i) EACH BORROWER, EACH GUARANTOR AND THE AGENT HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT AND AGREE THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

(j) This Agreement, together with the Credit Agreement and the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and thereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**BORROWERS:**

S SQUARED, L.L.C., an Illinois limited liability company      ENVERSA COMPANIES LLC, a Texas limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GUARANTORS:**

WOODLAND WIRELESS SOLUTIONS LTD., a Michigan corporation      CORNERWORLD CORPORATION, a Nevada corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WOODLAND HOLDINGS CORP., a Delaware corporation      CORNERWORLD, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

GULF MEDIA SOLUTIONS, LLC, a Delaware limited liability company      TINY DIAL, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BASCOMB & RICHARDS, LLC, a Delaware limited liability company      LANTANA DIRECT, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PHONE SERVICES & MORE, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

AVENTURA MEDIA SYSTEMS, LLC, a Florida limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

T2 COMMUNICATIONS, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE LEADSTREAM, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DIGITAL360, LLC, a Nevada limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CORNERWORLD TV, LLC, a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WEST MICHIGAN CO-LOCATION SERVICES, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

T2 TV, L.L.C., a Michigan limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MONEY JACK, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Guarantors' Address:  
c/o CornerWorld Corporation  
13101 Preston Road, Suite 100  
Dallas, Texas 75240



AGENT:  
EMERALD CREST MANAGEMENT  
COMPANY, LLC, a Delaware limited liability  
company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## Exhibit 10.9

The obligations evidenced hereby are subordinated in the priority order listed below, and more particularly in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement") dated March 30, 2011 by and among Sovereign - Emerald Crest Capital Partners II, LP, Pacific Specialty Insurance Company (collectively the "Senior Lenders") and Emerald Crest Management Company, LLC, as agent for the Senior Lenders ("Agent"), IU HOLDINGS, LP ("Tier 2 Junior Lender") and the party identified as "Lender" below, IU INVESTMENTS, LLC ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC. ("Internet University"), MARC BLUMBERG ("Blumberg"), and MARC A. PICKREN ("Pickren", and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders") and INTERNET UNIVERSITY, INC. (a second time, "Tier 5 Junior Lender"), , as defined as to all in the Subordination Agreement. Lender is senior to each loan and security interest of the Tier 3 Junior Lender, the Tier 4 Junior Lenders, the Tier 5 Junior Lender, Ned B. Timmer ("Tier 6 Junior Lender"), and Scott N. Beck ("Tier 7 Junior Lender"). The Tier 5 Junior Lender, the Tier 6 Junior Lender and the Tier 7 Junior Lender are signatories to the Subordination Agreement, too . Each holder of this instrument ("Promissory Note"), by its acceptance hereof, agrees (i) to be bound by the Subordination Agreement and (ii) that if and to the extent any conflict exists between the terms of this instrument and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and control.

### PROMISSORY NOTE

\$1,500,000.00

Date: March 30, 2011  
Dallas, Texas

FOR VALUE RECEIVED, the undersigned, CORNERWORLD CORPORATION, ("CornerWorld"), ENVERSA COMPANIES LLC, ("Enversa"), CornerWorld, Inc. ("CWI"), Woodland Holdings Corp. ("Holdings"), West Michigan Co-Location Services, LLC ("West Michigan"), T2 TV, LLC ("T2TV"), T2 Communications, LLC ("T2"), Phone Services and More, LLC ("PSM"), Gulf Media Solutions, LLC ("Gulf"), Tiny Dial, LLC ("Tiny Dial"), Bascomb & Richards, LLC ("Bascomb"), Lantana Direct, LLC ("Lantana"), Digital 360, LLC ("Digital"), The Leadstream, LLC ("The Leadstream"), Aventura Media System, LLC ("Aventura"), Money Jack, LLC ("Money Jack") and CornerWorld, TV (CWTV) (individually referred to herein as a "Borrower" and collectively as "Borrowers", collectively, the "Grantors" as defined in the PSA), jointly and severally promise to pay to the order of **IU Holdings, LP** ("Lender") at it address listed on the signature page hereto, the principal amount set forth above plus interest thereon from the date hereof, in U.S. Dollars in immediately available funds.

**INTEREST.** Principal of this Promissory Note shall bear interest until payment in full at the rate of 12% per annum until payment in full of the principal sum of this Promissory Note. Interest shall be computed on the basis of a three hundred sixty-five (365) day year and actual days elapsed. Accrued interest is due and payable on the last calendar day of each month computed based on the entire outstanding principle.

**PAYMENTS.** Payments shall be made in accordance with Schedule A hereto. If any amount becomes due and payable hereunder on a Saturday, Sunday or public or other banking holiday under the law of the State of Texas, with respect to such amount the payment date shall be extended to

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the next succeeding business day, and interest shall be payable thereon at the rate herein specified during such extension.

**PRINCIPAL; MATURITY DATE.** All outstanding principal and accrued and unpaid interest shall become due and payable on the date of the earliest of (i) February 28, 2013 and (ii) the acceleration of the maturity of the amounts due hereunder upon an Event of Default (as herein defined) in accordance with the provisions of this Promissory Note.

**PREPAYMENT.** Borrowers may prepay this Promissory Note in full or in part at any time without penalty. All payments shall be applied by Lender as follows: first, to the payment of all accrued but unpaid fees, costs, or expenses under this Promissory Note; second, to the payment of interest on the amount of principal being repaid; third, to the repayment of principal under this Promissory Note; and fourth, the balance, if any, to Borrowers or to whomsoever may be entitled to such amounts as determined by Lender in its reasonable discretion.

**ADDITIONAL CONSIDERATION.** On the date of execution of this Promissory Note, as additional consideration to induce Lender to enter into this Promissory Note, CornerWorld agrees to issue to Lender and/or its assigns 48,414,132 shares of CornerWorld Corporation Common stock. Additionally, CornerWorld grant here to Tier Two Junior Lender the right to appoint two members, and the consent right to approve a third member, to the Board of Directors of CornerWorld Corporation.

CornerWorld additionally agrees that its Board of Directors shall consist of no more than five (5) members. The provisions of this paragraph shall remain in effect as long as Tier Two Junior Lender's Promissory Note remains outstanding and persist after the Promissory Note has been repaid.

**SECURITY.** The obligations of the Borrowers hereunder will be secured by collateral granted in favor of Lender as set forth in the Pledge and Security Agreement ("PSA") dated as of March \_\_, 2011, made by Borrowers in favor of Lender, subject to the terms and conditions of the Subordination Agreement.

**EVENTS OF DEFAULT BORROWERS; REMEDIES.** The occurrence of any of the following events (each, an "Event of Default") for more than 5 Business Days (hereafter the "Cure Period") after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Promissory Note immediately due and payable upon presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

- (a) default in the payment when due of interest or principal;
- (b) default in the payment when due of interest or principal to the extent that the aggregate principal amount of all such indebtedness exceeds \$50,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise)
- (c) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrowers of the indebtedness evidenced by this Promissory Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any

such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

**WAIVERS.** Borrowers waive demand and presentment for payment, notice of non-payment or dishonor, notice of protest and protest of this Promissory Note and any other notice required to be given by applicable law and agrees that its liability hereunder shall not be affected by any renewals, amendments or modifications of this Promissory Note, or extensions of the time of payment of all or any part of the amount owing hereunder at any time or times.

**EXPENSES; ATTORNEYS' FEES.** Borrowers agree to pay any and all court costs incurred by Lender in a legal action based on an Event of Default. Borrowers agree to pay, to the extent allowed by law, reasonable attorneys' fees, costs and expenses paid or incurred by Lender in connection with the collection or enforcement of this Promissory Note, including but not limited to reasonable attorneys' fees, court costs, and costs incurred in connection with any bankruptcy proceedings, whether or not suit is filed. Borrowers agree to pay in full all amounts due under this Promissory Note without setoff, counterclaim, or any deduction whatsoever.

**MISCELLANEOUS.** No provision of this Promissory Note shall be waived, modified or limited except by a written agreement signed by Lender and Borrowers. The unenforceability of any provision of this Promissory Note shall not affect the enforceability or validity of any other provision hereof. No delay or omission on the part of Lender in exercising any rights hereunder shall operate as a waiver of such right or of any other right under this Promissory Note. This Promissory Note shall be binding upon the Borrowers and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. Lender 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 indebtedness at any time owing by the Lender to or for the credit or the account of the Borrowers against any of and all the obligations of the Borrowers now or hereafter existing under this Promissory Note held by the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under the preceding sentence are in addition to other rights and remedies (including other rights of setoff) which the Lender may have.

**GOVERNING LAW; JURISDICTION.** THIS PROMISSORY NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS. BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF TEXAS AND CONSENTS TO THE PLACING OF VENUE IN DALLAS COUNTY OR OTHER COUNTY PERMITTED BY LAW, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR INSTRUMENT REFERRED TO HEREIN MAY NOT BE LITIGATED IN OR BY SUCH COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AGREES NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT. NOTHING HEREIN SHALL AFFECT ANY RIGHT THAT THE PARTIES MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS PROMISSORY NOTE IN THE

COURTS OF ANY OTHER JURISDICTION. EXCEPT AS PROHIBITED BY LAW, BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT.

**VENUE.** The undersigned consents to the nonexclusive jurisdiction and venue of the state or federal courts located in the City of Dallas, Texas.

**TRIAL BY JURY.** The undersigned hereby waives any right to a trial by jury in any action or proceeding arising out of or in connection with this Promissory Note, or any other claim or dispute between the undersigned and the Lender.

**ESCROW.** The proceeds of the principal amount hereunder shall be held in escrow pending the execution and delivery of the Stock Purchase Agreement and the consummation of the transactions thereunder. In the event that the Stock Purchase Agreement shall not be executed and delivered and the transactions thereunder not consummated, the proceeds shall be promptly returned to the Lender.

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*IN WITNESS WHEREOF*, the parties hereto have duly executed this Promissory Note the day and year first above written.

**BORROWERS:**

**CORNERWORLD CORPORATION,**  
A NEVADA CORPORATION

By: /s/ Scott N. Beck

Name: Scott Beck

Title: Chairman and Chief Executive Officer

**ENVERSA COMPANIES LLC,**  
A TEXAS LIMITED LIABILITY COMPANY

BY CORNERWORLD CORPORATION,  
ITS SOLE MEMBER

By: /s/ Scott N. Beck

Name: Scott Beck

Title: Chief Executive Officer

**WOODLAND HOLDINGS CORP.**

BY: CORNERWORLD CORPORATION, ITS SOLE  
STOCKHOLDER

By: /s/ Scott N. Beck

Name: Scott Beck

Title: Chief Executive Officer

**WEST MICHIGAN CO-LOCATION SERVICES, LLC,**  
A MICHIGAN LIMITED LIABILITY COMPANY

BY WOODLAND HOLDINGS CORPORATION,  
ITS SOLE MEMBER

By: /s/ Scott N. Beck

Name: Scott Beck

Title: Chief Executive

**T2 TV, LLC,**  
A MICHIGAN LIMITED LIABILITY COMPANY

BY WOODLAND HOLDINGS CORPORATION,  
ITS SOLE MEMBER

By: /s/ Scott N. Beck  
Name: Scott Beck  
Title: Chief Executive Officer

**CORNERWORLD, INC.,**  
A DELAWARE CORPORATION

BY CORNERWORLD CORPORATION,  
ITS SOLE STOCKHOLDER

By: /s/ Scott N. Beck  
Name: Scott Beck  
Title: Chairman and Chief Executive Officer

**T2 COMMUNICATIONS, , LLC**  
A MICHIGAN LIMITED LIABILITY COMPANY

BY WOODLAND HOLDINGS CORPORATION,  
ITS SOLE MEMBER

By: /s/ Scott N. Beck  
Name: Scott Beck  
Title: Chief Executive Officer

**PHONE SERVICES AND MORE, LLC D/B/A VISITATEL**  
A MICHIGAN LIMITED LIABILITY COMPANY

BY WOODLAND HOLDINGS CORPORATION,  
ITS SOLE MEMBER

By: /s/ Scott N. Beck  
Name: Scott Beck  
Title: Chief Executive Officer

**GULF MEDIA SOLUTIONS, LLC**  
A DELAWARE LIMITED LIABILITY COMPANY

By: /s/ Patrick Vilyus  
Name: Patrick Vilyus  
Title: President

**TINY DIAL, LLC,**  
A DELAWARE LIMITED LIABILITY COMPANY

BY ENVERSA COMPANIES, LLC,  
ITS SOLE MEMBER

By: /s/ Scott N. Beck  
Name: Scott Beck  
Title: Chief Executive Officer

**BASCOMB AND RICHARDS, LLC,**  
A DELAWARE LIMITED LIABILITY COMPANY

By: /s/ Joel Brewer  
Name: Joel Brewer  
Title: President

**LANTANA DIRECT, LLC,**  
A DELAWARE LIMITED LIABILITY COMPANY

By: /s/ Steve Eaton  
Name: Steve Eaton  
Title: President



**DIGITAL360, LLC,**  
A NEVADA LIMITED LIABILITY COMPANY

By: /s/ Israle Arguello  
Name: Israel Arguello  
Title: Chief Executive Officer

**THE LEADSTREAM, LLC,**  
A DELAWARE LIMITED LIABILITY COMPANY

By: /s/ Marc A. Pickren  
Name: Marc Pickren  
Title: President

**AVENTURA MEDIA SYSTEMS, LLC,**  
A FLORIDA LIMITED LIABILITY COMPANY

By: /s/ Don Robers  
Name: Don Roberts  
Title: Chief Executive Officer

**MONEY JACK, LLC**  
A DELAWARE LIMITED LIABILITY COMPANY

BY: ENVERSA COMPANIES, LLC, its Sole Member

By: /s/ Scott N. Beck  
Name: Scott Beck  
Title: Chief Executive Officer

**CORNERWORLD TV, LLC**  
A MICHIGAN LIMITED LIABILITY COMPANY

BY WOODLAND HOLDINGS CORPORATION,  
ITS SOLE MEMBER

By: /s/ Scott N. Beck  
Name: Scott Beck  
Title: Chief Executive Officer

The undersigned Lender, acknowledges receipt of this Promissory Note on the 30 day of March, 2011.

LENDER:

**IU HOLDING, LP**

By: /s/ Rosemary Papa

Name: IU Holdings, GP, Inc.

Its: General Partner

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

(Name and Title)

Address: \_\_\_\_\_

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*Schedule A*

<b>Scheduled Payment Date</b>	<b>Amount</b>
May 31, 2011	\$187,500
August 31, 2011	\$187,500
November 30, 2011	\$187,500
February 29, 2012	\$187,500
May 31, 2012	\$187,500
August 31, 2012	\$187,500
November 30, 2012	\$187,500
February 28, 2013	\$187,500

**Exhibit 10.10**

The obligations evidenced hereby are subordinated in the priority order listed below, and more particularly in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement") dated March 30, 2011 by and among Sovereign - Emerald Crest Capital Partners II, LP, Pacific Specialty Insurance Company (collectively the "Senior Lenders") and Emerald Crest Management Company, LLC, as agent for the Senior Lenders ("Agent"), IU HOLDINGS, LP ("Tier 2 Junior Lender"), IU INVESTMENTS, LLC ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC. ("Internet University"), MARC BLUMBERG ("Blumberg"), and MARC A. PICKREN ("Pickren", and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), INTERNET UNIVERSITY, INC. (a second time, "Tier 5 Junior Lender"), and the party identified as "Lender" below, as defined as to all in the Subordination Agreement. Lender is senior to each loan and security interest of the Tier 4 Junior Lenders, the Tier 5 Junior Lender, Ned B. Timmer ("Tier 6 Junior Lender"), and Scott N. Beck ("Tier 7 Junior Lender"). The Tier 5 Junior Lender, the Tier 6 Junior Lender and the Tier 7 Junior Lender are signatories to the Subordination Agreement, too . Each holder of this instrument ("Promissory Note"), by its acceptance hereof, agrees (i) to be bound by the Subordination Agreement and (ii) that if and to the extent any conflict exists between the terms of this instrument and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and control.

**AMENDMENT NO. 3 TO PROMISSORY NOTE**

**AMENDMENT NO. 3 TO PROMISSORY NOTE**, dated as of March 30, 2011 (this "Amendment"), between (a) CornerWorld Corporation, a Nevada corporation (the "Borrower"), and (b) IU INVESTMENTS, LLC (the "Lender").

WITNESSETH:

**WHEREAS**, on February 23, 2009, the Borrower issued to the Lender its Promissory Note dated February 23, 2009, executed by the Borrower and payable to the order of the Lender in the original principal amount of \$1,900,000 (the "Original Note," and, as heretofore amended, as amended by this Amendment, and as the same may hereafter be amended from time to time, the "Promissory Note").

**WHEREAS**, on or about December 1, 2009, the Borrower and the Lender executed a waiver (the "Waiver") pursuant to which the Lender agreed to waive, during the period from December 1, 2009 through February 28, 2010, their rights and remedies under the Promissory Note.

**WHEREAS**, on March 31, 2010, the Borrower and the Lender executed Amendment No. 1 to Promissory Note ("Amendment No. 1"), pursuant to which the parties agreed to amend the payment terms under the Promissory Note.

**WHEREAS**, on May 14, 2010, the Borrower and the Lender executed Amendment No. 2 to Promissory Note ("Amendment No. 2"), pursuant to which the parties agreed to amend the payment terms under the Promissory Note.

**WHEREAS**, the Borrower has requested, and the Lender has agreed, to amend the Promissory Note as set forth below.

**NOW, THEREFORE**, in consideration of the premises and the agreements hereinafter contained, and for other good and valuable consideration, and notwithstanding any provisions of the Promissory Note to the contrary, the parties hereto hereby agree as follows:

1. Schedule A attached to the Promissory Note shall be and hereby is amended and restated in its entirety to read as set forth on Schedule A attached to this Amendment.

2. The Applicable Interest Rate shall be 10% per annum. Interest on the Principal Sum of this Note shall be calculated by multiplying (i) the actual number of days elapsed in the period for which the calculation is being made by (ii) a daily rate based on a three hundred sixty (360) day year (that is, the then Applicable Interest Rate of the Default Rate, as then applicable, divided by 360) by (iii) the outstanding principal balance.

3. The Borrower hereby authorizes the Lender, and the Lender hereby agrees, to cause the following legends to be clearly, conspicuously and prominently inserted on the original of the Promissory Note, in each case following the signature of the Borrower:

**“This Promissory Note has been amended by Amendment No. 2 to Promissory Note dated as of March \_\_, 2011, between CornerWorld Corporation, as maker of this Promissory Note and “Borrower” defined therein, and IU Investments, LLC, as the then holder of this Promissory Note and “Lender” defined therein (“Amendment No. 2”), the provisions of which are incorporated by reference for all purposes of this Promissory Note, and each holder of this Promissory Note, by its acceptance hereof, irrevocably agrees to be bound by the provisions of Amendment No.2.”, subject to the provisions of the Subordination Agreement dated March \_\_, 2011.**

The Lender further agrees (a) to cause executed counterparts (or copies of executed counterparts) of Amendment No. 1, Amendment No. 2 and this Amendment to be stapled or otherwise firmly affixed to the Promissory Note, and (b) to furnish a copy of the Promissory Note, with such legends so inserted and with such counterparts or copies of Amendment No. 1, Amendment No. 2, and this Amendment so attached, to Borrower promptly after the Lender’s receipt of a fully executed counterpart of this Amendment.

3. The “SECURITY” and “EVENTS OF DEFAULT; REMEDIES” paragraphs of the Promissory Note shall be amended and replaced in its entirety as follows:

**SECURITY**. The obligations of the Borrower hereunder will be secured by collateral granted in favor of Lender as set forth in the Pledge and Security Agreement (“PSA”) dated as of March \_\_, 2011, made by Borrower, CornerWorld, Inc. (“CWI”), Enversa Companies, LLC (“Enversa”), Woodland Holdings Corp.(“Holdings”), West Michigan Co-Location Services, LLC (“West Michigan”), T2 TV, LLC (“T2TV”), T2 Communications, LLC (“T2”), Phone Services and More, LLC (“PSM”), Gulf Media Solutions, LLC (“Gulf”), Tiny Dial, LLC (“Tiny Dial”), Bascomb & Richards, LLC (“Bascomb”), Lantana Direct, LLC (“Lantana”), Digital 360, LLC (“Digital”), Leadstream, LLC (“Leadstream”), and Aventura Media System, LLC (“Aventura”) (collectively, the “Grantors” as defined in the PSA) in favor of Lender, subject to the terms and conditions of the Subordination Agreement.

**EVENTS OF DEFAULT BORROWER; REMEDIES**. The occurrence of any of the following events (each, an “Event of Default”) for more than 5 Business Days (hereafter the “Cure Period”) after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Promissory Note immediately due and payable upon presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

- (a) default in the payment when due of interest or principal;
- (b) default in the payment when due of interest or principal to the extent that the aggregate principal amount of all such Indebtedness (as that term is defined in the Credit Agreement of March \_\_\_\_, 2011 between S Squared, LLC doing business as Ranger Wireless, LLC (“S Squared”) and Enversa, as borrowers and Senior Lenders) exceeds \$50,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise)
- (c) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrower of the indebtedness evidenced by this Promissory Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

Upon the occurrence of an Event of Default and such Event of Default shall continue un-remedied for a period of 30 days after notice to the Borrower, the Lender may, in addition to all other remedies, (i) take any action granted to it under the proxies executed by certain shareholders of the Borrower and delivered to the Lender on the date hereof and (ii) at its option, appoint one member to the Board of Directors of the Borrower, subject to terms and conditions of the Subordination Agreement.

4. The Pledge Agreement, as referenced in Article 3 above, shall be amended and replaced in its entirety as attached in Schedule B to this document.

All of the terms and provisions of the Original Note, as amended by Amendment No. 1, Amendment No. 2, and as further amended by this Amendment, remain in full force and effect. The Borrower hereby agrees that the amendments herein contained shall in no manner affect or impair the indebtedness evidenced by the Promissory Note, the obligation of the Borrower to make payment of the principal of and interest on the indebtedness evidenced by the Promissory Note in strict accordance with the face and tenor of the Promissory Note, or any of the liens or security interests securing such payment and performance.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

**CORNERWORLD CORPORATION**

/s/ Scott N. Beck\_\_\_\_\_

By: Scott N. Beck  
Its: Chief Executive Officer

**IU INVESTMENTS, LLC**

/s/ Doug Levy\_\_\_\_\_

By: Doug Levy  
Its: Sole Manager

## *Schedule A*

Scheduled Payment Date	Amount
April 15, 2009	\$145,000
May 15, 2009	\$145,000
June 15, 2009	\$145,000
July 15, 2009	\$145,000
August 15, 2009	\$145,000
September 15, 2009	\$145,000
October 15, 2009	\$145,000
November 15, 2009	\$145,000
March 25, 2010	\$25,000
April 25, 2010	\$50,000
March 31, 2011	\$27,417
April 30, 2011	\$27,417
May 31, 2011	\$27,417
June 30, 2011	\$27,417
July 31, 2011	\$27,417
August 31, 2011	\$27,417
September 30, 2011	\$27,417
October 31, 2011	\$27,417
November 30, 2011	\$27,417
December 31, 2011	\$27,417
January 31, 2012	\$27,417
February 29, 2012	\$27,417
March 31, 2012	\$67,200
March 31, 2013	\$67,200
March 31, 2014	\$67,200
March 31, 2015	\$67,200
March 31, 2016	\$67,200

Interest will continue to be computed consistent with the original, un-amended Promissory Note (the "Original Note"). Interest will accrue on the unpaid balance but will be due and payable each month on the last day of each calendar month subsequent to this amendment through the Maturity Date. The parties acknowledge this is a modification of interest payment dates as detailed in the Original Note.



## Exhibit 10.11

The obligations evidenced hereby are subordinated in the priority order listed below, and more particularly in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement") dated March 30, 2011 by and among Sovereign - Emerald Crest Capital Partners II, LP, Pacific Specialty Insurance Company (collectively the "Senior Lenders") and Emerald Crest Management Company, LLC, as agent for the Senior Lenders ("Agent"), IU HOLDINGS, LP ("Tier 2 Junior Lender"), IU INVESTMENTS, LLC ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC. ("Internet University", and the party identified as "Lender" below), MARC BLUMBERG ("Blumberg"), and MARC A. PICKREN ("Pickren", and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), and INTERNET UNIVERSITY, INC. (a second time, "Tier 5 Junior Lender"), as defined as to all in the Subordination Agreement. Lender, together with the other Tier 4 Junior Lenders, is senior to the loan and security interest of the Tier 5 Junior Lender, Ned B. Timmer ("Tier 6 Junior Lender"), and Scott N. Beck ("Tier 7 Junior Lender"). The Tier 5 Junior Lender, the Tier 6 Junior Lender and the Tier 7 Junior Lender are signatories to the Subordination Agreement, too . Each holder of this instrument ("Promissory Note"), by its acceptance hereof, agrees (i) to be bound by the Subordination Agreement and (ii) that if and to the extent any conflict exists between the terms of this instrument and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and control.

### AMENDMENT NO. 2 TO PROMISSORY NOTE

**AMENDMENT NO. 2 TO PROMISSORY NOTE** (the "PROMISSORY NOTE"), dated as of March 30, 2011 (this "Amendment"), among CORNERWORLD CORPORATION, a Nevada corporation (the "Borrower") and INTERNET UNIVERSITY, INC. ("Lender").

#### WITNESSETH:

**WHEREAS**, on August 27, 2008, the Borrower and the Lender thereto entered into the Promissory Note dated as of August 27, 2008 (as it may be amended from time to time, the "Promissory Note").

**WHEREAS**, on March 31, 2010, the Borrower and the Lender executed Amendment No. 1 pursuant to which the parties agreed to amend the payment terms under the Promissory Note.

**WHEREAS**, the Borrower has requested, and the Lender has agreed, to amend the Promissory Note as set forth below.

**NOW, THEREFORE**, in consideration of the premises and the agreements hereinafter contained, and for other good and valuable consideration, notwithstanding any provisions of the Promissory Note to the contrary, the parties hereto hereby agree to the following:

1. Schedule A shall be amended and replaced in its entirety, as attached hereto.
2. The Applicable Interest Rate shall be 15% per annum. Interest on the Principal Sum of this Promissory Note shall be calculated by multiplying (i) the actual number of days elapsed in the period for which the calculation is being made by (ii) a daily rate based on a three hundred sixty (360) day year (that is, the then Applicable Interest Rate of the Default Rate, as then applicable, divided by 360) by (iii) the outstanding principal balance.

3. The Borrower hereby authorizes the Lender, and the Lender hereby agrees, to cause the following legends to be clearly, conspicuously and prominently inserted on the original of the Promissory Note, in each case following the signature of the Borrower:

**“This Promissory Note has been amended by Amendment No. 2 to Promissory Note dated as of March \_\_\_, 2011, between CornerWorld Corporation, as maker of this Promissory Note and “Borrower” defined therein, and Internet University, Inc., as the then holder of this Promissory Note and “Lender” defined therein (“Amendment No. 2”), the provisions of which are incorporated by reference for all purposes of this Promissory Note, and each holder of this Promissory Note, by its acceptance hereof, irrevocably agrees to be bound by the provisions of Amendment No.2.”, subject to the provisions of the Subordination Agreement dated March \_\_\_, 2011.**

The Lender further agrees (a) to cause executed counterparts (or copies of executed counterparts) of Amendment No. 1, and this Amendment to be stapled or otherwise firmly affixed to the Promissory Note, and (b) to furnish a copy of the Promissory Note, with such legends so inserted and with such counterparts or copies of Amendment No. 1, and this Amendment so attached, to Borrower promptly after the Lender’s receipt of a fully executed counterpart of this Amendment.

4. The “SECURITY” and “EVENTS OF DEFAULT; REMEDIES” paragraphs of the Promissory Note shall be amended and replaced in its entirety as follows:

**SECURITY**. The obligations of the Borrower hereunder will be secured by collateral granted in favor of Lender as set forth in the Pledge and Security Agreement (“PSA”) dated as of March 30, 2011, made by Borrower, CornerWorld, Inc. (“CWI”), Enversa Companies, LLC (“Enversa”), Woodland Holdings Corp. (“Holdings”), West Michigan Co-Location Services, LLC (“West Michigan”), T2 TV, LLC (“T2TV”), T2 Communications, LLC (“T2”), Phone Services and More, LLC (“PSM”), Gulf Media Solutions, LLC (“Gulf”), Tiny Dial, LLC (“Tiny Dial”), Bascomb & Richards, LLC (“Bascomb”), Lantana Direct, LLC (“Lantana”), Digital 360, LLC (“Digital”), Leadstream, LLC (“Leadstream”), and Aventura Media System, LLC (“Aventura”) (collectively, the “Grantors” as defined in the PSA) in favor of Lender, subject to the terms and conditions of the Subordination Agreement.

**EVENTS OF DEFAULT BORROWER; REMEDIES**. The occurrence of any of the following events (each, an “**Event of Default**”) for more than 5 Business Days (hereafter the “Cure Period”) after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Promissory Note immediately due and payable upon presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

- (a) default in the payment when due of interest or principal;
- (b) default in the payment when due of interest or principal to the extent that the aggregate principal amount of all such indebtedness exceeds \$50,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise)
- (c) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy

Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrower of the indebtedness evidenced by this Promissory Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

Upon the occurrence of an Event of Default and such Event of Default shall continue un-remedied for a period of 30 days after notice to the Borrower, the Lender may, in addition to all other remedies, (i) take any action granted to it under the proxies executed by certain shareholders of the Borrower and delivered to the Lender on the date hereof and (ii) at its option, appoint one member to the Board of Directors of the Borrower, subject to terms and conditions of the Subordination Agreement.

5. The Pledge Agreement, as referenced in Article 3 above, shall be amended and replaced in its entirety as attached in Schedule B to this document.

All of the terms and provisions of the Promissory Note, as amended by Amendment No. 1, and as further amended by this Amendment, remain in full force and effect. The Borrower hereby agrees that the amendments herein contained shall in no manner affect or impair the indebtedness evidenced by the Promissory Note, the obligation of the Borrower to make payment of the principal of and interest on the indebtedness evidenced by the Promissory Note in strict accordance with the face and tenor of the Promissory Note, or any of the liens or security interests securing such payment and performance.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

/s/ Scott N. Beck  
By: Scott N. Beck  
CORNERWORLD CORPORATION  
Its: Chief Executive Officer

/s/ Doug Levy  
By: Doug Levy  
INTERNET UNIVERSITY, INC.  
Its: Chief Executive Officer

***Schedule A to Promissory Note:***

<b>Scheduled Payment Date</b>	<b>Amount</b>
June 2, 2009	\$31,147
March 31, 2010	\$8,700
April 30, 2010	\$8,700
May 31, 2010	\$8,700
June 30, 2010	\$8,700
July 31, 2010	\$8,700
August 31, 2010	\$8,700
September 30, 2010	\$8,700
October 31, 2010	\$8,700
November 30, 2010	\$8,700
December 31, 2010	\$8,700
March 31, 2012	\$167,771
March 31, 2013	\$254,771
March 31, 2014	\$254,771
March 31, 2015	\$254,771
March 31, 2016	\$254,771

*Schedule B: Pledge and Security Agreement*

**Exhibit 10.12**

The obligations evidenced hereby are subordinated in the priority order listed below, and more particularly in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement") dated March 30, 2011 by and among Sovereign - Emerald Crest Capital Partners II, LP, Pacific Specialty Insurance Company (collectively the "Senior Lenders") and Emerald Crest Management Company, LLC, as agent for the Senior Lenders ("Agent"), IU HOLDINGS, LP ("Tier 2 Junior Lender"), IU INVESTMENTS, LLC ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC. ("Internet University"), MARC BLUMBERG ("Blumberg", and the person identified as "Lender" below), and MARC A. PICKREN ("Pickren", and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), and INTERNET UNIVERSITY, INC. (a second time, "Tier 5 Junior Lender"), as defined as to all in the Subordination Agreement. Lender, together with the other Tier 4 Junior Lenders, is senior to the loan and security interest of the Tier 5 Junior Lender, Ned B. Timmer ("Tier 6 Junior Lender"), and Scott N. Beck ("Tier 7 Junior Lender"). The Tier 5 Junior Lender, the Tier 6 Junior Lender and the Tier 7 Junior Lender are signatories to the Subordination Agreement, too. Each holder of this instrument ("Promissory Note"), by its acceptance hereof, agrees (i) to be bound by the Subordination Agreement and (ii) that if and to the extent any conflict exists between the terms of this instrument and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and control.

**AMENDMENT NO. 2 TO PROMISSORY NOTE**

**AMENDMENT NO. 2 TO PROMISSORY NOTE** (the "NOTE"), dated as of March 30, 2011 (this "Amendment"), among CORNERWORLD CORPORATION, a Nevada corporation (the "Borrower") and MARC BLUMBERG ("Lender").

WITNESSETH:

**WHEREAS**, on August 27, 2008, the Borrower and the Lender thereto entered into the Promissory Note dated as of August 27, 2008 (as it may be amended from time to time, the "Promissory Note").

**WHEREAS**, on March 31, 2010, the Borrower and the Lender executed Amendment No. 1 pursuant to which the parties agreed to amend the payment terms under the Note.

**WHEREAS**, the Borrower has requested, and the Lender has agreed, to amend the Promissory Note as set forth below.

**NOW, THEREFORE**, in consideration of the premises and the agreements hereinafter contained, and for other good and valuable consideration, notwithstanding any provisions of the Promissory Note to the contrary, the parties hereto hereby agree to the following:

1. Schedule A shall be amended and replaced in its entirety, as attached hereto.
2. The Applicable Interest Rate shall be 15% per annum. Interest on the Principal Sum of this Note shall be calculated by multiplying (i) the actual number of days elapsed in the period for which the calculation is being made by (ii) a daily rate based on a three hundred sixty (360) day year (that is, the then Applicable Interest Rate of the Default Rate, as then applicable, divided by 360) by (iii) the outstanding principal balance.

3. The Borrower hereby authorizes the Lender, and the Lender hereby agrees, to cause the following legends to be clearly, conspicuously and prominently inserted on the original of the Promissory Note, in each case following the signature of the Borrower:

**“This Promissory Note has been amended by Amendment No. 2 to Promissory Note dated as of March \_\_\_, 2011, between CornerWorld Corporation, as maker of this Promissory Note and “Borrower” defined therein, and Marc Blumberg, as the then holder of this Promissory Note and “Lender” defined therein (“Amendment No. 2”), the provisions of which are incorporated by reference for all purposes of this Promissory Note, and each holder of this Promissory Note, by its acceptance hereof, irrevocably agrees to be bound by the provisions of Amendment No.2.”, subject to the provisions of the Subordination Agreement dated March \_\_\_, 2011.**

The Lender further agrees (a) to cause executed counterparts (or copies of executed counterparts) of Amendment No. 1, and this Amendment to be stapled or otherwise firmly affixed to the Promissory Note, and (b) to furnish a copy of the Promissory Note, with such legends so inserted and with such counterparts or copies of Amendment No. 1, and this Amendment so attached, to Borrower promptly after the Lender’s receipt of a fully executed counterpart of this Amendment.

3. The “SECURITY” and “EVENTS OF DEFAULT; REMEDIES” paragraphs of the Note shall be amended and replaced in its entirety as follows:

**SECURITY**. The obligations of the Borrower hereunder will be secured by collateral granted in favor of Lender as set forth in the Pledge and Security Agreement (“PSA”) dated as of March \_\_\_, 2011, made by Borrower, CornerWorld, Inc. (“CWI”), Enversa Companies, LLC (“Enversa”), Woodland Holdings Corp. (“Holdings”), West Michigan Co-Location Services, LLC (“West Michigan”), T2 TV, LLC (“T2TV”), T2 Communications, LLC (“T2”), Phone Services and More, LLC (“PSM”), Gulf Media Solutions, LLC (“Gulf”), Tiny Dial, LLC (“Tiny Dial”), Bascomb & Richards, LLC (“Bascomb”), Lantana Direct, LLC (“Lantana”), Digital 360, LLC (“Digital”), Leadstream, LLC (“Leadstream”), and Aventura Media System, LLC (“Aventura”), (collectively, the “Grantors” as defined in the PSA) in favor of Lender, subject to the terms and conditions of the Subordination Agreement.

**EVENTS OF DEFAULT BORROWER; REMEDIES**. The occurrence of any of the following events (each, an “**Event of Default**”) for more than 5 Business Days (hereafter the “Cure Period”) after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Note immediately due and payable upon presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

- (a) default in the payment when due of interest or principal;
- (b) default in the payment when due of interest or principal to the extent that the aggregate principal amount of all such indebtedness exceeds \$100,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise)
- (c) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy

Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrower of the indebtedness evidenced by this Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

Upon the occurrence of an Event of Default and such Event of Default shall continue un-remedied for a period of 30 days after notice to the Borrower, the Lender may, in addition to all other remedies, (i) take any action granted to it under the proxies executed by certain shareholders of the Borrower and delivered to the Lender on the date hereof and (ii) at its option, appoint one member to the Board of Directors of the Borrower, subject to terms and conditions of the Subordination Agreement.

5. The Pledge Agreement, as referenced in Article 3 above, shall be amended and replaced in its entirety as attached in Schedule B to this document.

All of the terms and provisions of the Promissory Note, as amended by Amendment No. 1, and as further amended by this Amendment, remain in full force and effect. The Borrower hereby agrees that the amendments herein contained shall in no manner affect or impair the indebtedness evidenced by the Promissory Note, the obligation of the Borrower to make payment of the principal of and interest on the indebtedness evidenced by the Promissory Note in strict accordance with the face and tenor of the Promissory Note, or any of the liens or security interests securing such payment and performance.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

/s/ Scott N. Beck  
By: Scott N. Beck  
CORNERWORLD CORPORATION  
Its: Chief Executive Officer

/s/ Marc Blumberg  
By: Marc Blumberg



***Schedule A to Promissory Note:***

<b>Scheduled Payment Date</b>	<b>Amount</b>
June 2, 2009	\$3,580
March 31, 2010	\$1,000
April 30, 2010	\$1,000
May 31, 2010	\$1,000
June 30, 2010	\$1,000
July 31, 2010	\$1,000
August 31, 2010	\$1,000
September 30, 2010	\$1,000
October 31, 2010	\$1,000
November 30, 2010	\$1,000
December 31, 2010	\$1,000
March 31, 2012	\$19,284
March 31, 2013	\$___,284
March 31, 2014	\$___,284
March 31, 2015	\$___,284
March 31, 2016	\$___,284

*Schedule B: Pledge and Security Agreement*

**Exhibit 10.13**

The obligations evidenced hereby are subordinated in the priority order listed below, and more particularly in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement") dated March 30, 2011 by and among Sovereign - Emerald Crest Capital Partners II, LP, Pacific Specialty Insurance Company (collectively the "Senior Lenders") and Emerald Crest Management Company, LLC, as agent for the Senior Lenders ("Agent"), IU HOLDINGS, LP ("Tier 2 Junior Lender"), IU INVESTMENTS, LLC ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC. ("Internet University"), MARC BLUMBERG ("Blumberg"), and MARC A. PICKREN ("Pickren", and the party identified as "Lender" below, and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), and INTERNET UNIVERSITY, INC. (a second time, "Tier 5 Junior Lender"), as defined as to all in the Subordination Agreement. Lender, together with the other Tier 4 Junior Lenders, is senior to the loan and security interest of the Tier 5 Junior Lender, Ned B. Timmer ("Tier 6 Junior Lender"), and Scott N. Beck ("Tier 7 Junior Lender"). The Tier 5 Junior Lender, the Tier 6 Junior Lender and the Tier 7 Junior Lender are signatories to the Subordination Agreement, too. Each holder of this instrument ("Promissory Note"), by its acceptance hereof, agrees (i) to be bound by the Subordination Agreement and (ii) that if and to the extent any conflict exists between the terms of this instrument and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and control.

**AMENDMENT NO. 2 TO PROMISSORY NOTE**

**AMENDMENT NO. 2 TO PROMISSORY NOTE** (the "NOTE"), dated as of March 30, 2011 (this "Amendment"), among CORNERWORLD CORPORATION, a Nevada corporation (the "Borrower") and MARC A. PICKREN ("Lender").

WITNESSETH:

**WHEREAS**, on August 27, 2008, the Borrower and the Lender thereto entered into the Promissory Note dated as of August 27, 2008 (as it may be amended from time to time, the "Promissory Note").

**WHEREAS**, on March 31, 2010, the Borrower and the Lender executed Amendment No. 1 pursuant to which the parties agreed to amend the payment terms under the Note.

**WHEREAS**, the Borrower has requested, and the Lender has agreed, to amend the Promissory Note as set forth below.

**NOW, THEREFORE**, in consideration of the premises and the agreements hereinafter contained, and for other good and valuable consideration, notwithstanding any provisions of the Promissory Note to the contrary, the parties hereto hereby agree to the following:

1. Schedule A shall be amended and replaced in its entirety, as attached hereto.
2. The Applicable Interest Rate shall be 15% per annum. Interest on the Principal Sum of this Note shall be calculated by multiplying (i) the actual number of days elapsed in the period for which the calculation is being made by (ii) a daily rate based on a three hundred sixty (360) day year (that is, the then Applicable Interest Rate of the Default Rate, as then applicable, divided by 360) by (iii) the outstanding principal balance.

3. The Borrower hereby authorizes the Lender, and the Lender hereby agrees, to cause the following legends to be clearly, conspicuously and prominently inserted on the original of the Promissory Note, in each case following the signature of the Borrower:

**“This Promissory Note has been amended by Amendment No. 2 to Promissory Note dated as of March \_\_\_, 2011, between CornerWorld Corporation, as maker of this Promissory Note and “Borrower” defined therein, and Marc A. Pickren, as the then holder of this Promissory Note and “Lender” defined therein (“Amendment No. 2”), the provisions of which are incorporated by reference for all purposes of this Promissory Note, and each holder of this Promissory Note, by its acceptance hereof, irrevocably agrees to be bound by the provisions of Amendment No.2.”, subject to the provisions of the Subordination Agreement dated March \_\_\_, 2011.**

The Lender further agrees (a) to cause executed counterparts (or copies of executed counterparts) of Amendment No. 1, and this Amendment to be stapled or otherwise firmly affixed to the Promissory Note, and (b) to furnish a copy of the Promissory Note, with such legends so inserted and with such counterparts or copies of Amendment No. 1, and this Amendment so attached, to Borrower promptly after the Lender’s receipt of a fully executed counterpart of this Amendment.

3. The “SECURITY” and “EVENTS OF DEFAULT; REMEDIES” paragraphs of the Note shall be amended and replaced in its entirety as follows:

**SECURITY**. The obligations of the Borrower hereunder will be secured by collateral granted in favor of Lender as set forth in the Pledge and Security Agreement (“PSA”) dated as of March 30, 2011, made by Borrower, CornerWorld, Inc. (“CWI”), Enversa Companies, LLC (“Enversa”), Woodland Holdings Corp.(“Holdings”), West Michigan Co-Location Services, LLC (“West Michigan”), T2 TV, LLC (“T2TV”), T2 Communications, LLC (“T2”), Phone Services and More, LLC (“PSM”), Gulf Media Solutions, LLC (“Gulf”), Tiny Dial, LLC (“Tiny Dial”), Bascomb & Richards, LLC (“Bascomb”), Lantana Direct, LLC (“Lantana”), Digital 360, LLC (“Digital”), Leadstream, LLC (“Leadstream”), and Aventura Media System, LLC (“Aventura”) (collectively, the “Grantors” as defined in the PSA) in favor of Lender, subject to the terms and conditions of the Subordination Agreement.

**EVENTS OF DEFAULT BORROWER; REMEDIES**. The occurrence of any of the following events (each, an “**Event of Default**”) for more than 5 Business Days (hereafter the “Cure Period”) after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Note immediately due and payable upon presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

- (a) default in the payment when due of interest or principal;
- (b) default in the payment when due of interest or principal to the extent that the aggregate principal amount of all such indebtedness exceeds \$100,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise)
- (c) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy

Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrower of the indebtedness evidenced by this Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

Upon the occurrence of an Event of Default and such Event of Default shall continue un-remedied for a period of 30 days after notice to the Borrower, the Lender may, in addition to all other remedies, (i) take any action granted to it under the proxies executed by certain shareholders of the Borrower and delivered to the Lender on the date hereof and (ii) at its option, appoint one member to the Board of Directors of the Borrower, subject to terms and conditions of the Subordination Agreement.

5. The Pledge Agreement, as referenced in Article 3 above, shall be amended and replaced in its entirety as attached in Schedule B to this document.

All of the terms and provisions of the Promissory Note, as amended by Amendment No. 1, and as further amended by this Amendment, remain in full force and effect. The Borrower hereby agrees that the amendments herein contained shall in no manner affect or impair the indebtedness evidenced by the Promissory Note, the obligation of the Borrower to make payment of the principal of and interest on the indebtedness evidenced by the Promissory Note in strict accordance with the face and tenor of the Promissory Note, or any of the liens or security interests securing such payment and performance.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

/s/ Scott N. Beck  
By: Scott N. Beck  
CORNERWORLD CORPORATION  
Its: Chief Executive Officer

/s/ Marc Pickren  
By: Marc A. Pickren

***Schedule A to Promissory Note:***

<b>Scheduled Payment Date</b>	<b>Amount</b>
June 2, 2009	\$1,074
March 31, 2010	\$300
April 30, 2010	\$300
May 31, 2010	\$300
June 30, 2010	\$300
July 31, 2010	\$300
August 31, 2010	\$300
September 30, 2010	\$300
October 31, 2010	\$300
November 30, 2010	\$300
December 31, 2010	\$300
March 31, 2012	\$5,785
March 31, 2013	\$8,785
March 31, 2014	\$8,785
March 31, 2015	\$8,785
March 31, 2016	\$8,785

*Schedule B: Pledge and Security Agreement*

#### Exhibit 10.14

The obligations evidenced hereby are subordinated in the priority order listed below, and more particularly in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement") dated March 30, 2011 by and among Sovereign - Emerald Crest Capital Partners II, LP, Pacific Specialty Insurance Company (collectively the "Senior Lenders") and Emerald Crest Management Company, LLC, as agent for the Senior Lenders ("Agent"), IU HOLDINGS, LP ("Tier 2 Junior Lender"), IU INVESTMENTS, LLC ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC. ("Internet University"), MARC BLUMBERG ("Blumberg"), and MARC A. PICKREN ("Pickren", and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), INTERNET UNIVERSITY, INC. (a second time, "Tier 5 Junior Lender"), and the party identified as "Lender" below, as defined as to all in the Subordination Agreement. Lender is senior to the loan and security interest of Ned B. Timmer ("Tier 6 Junior Lender"), and Scott N. Beck ("Tier 7 Junior Lender"). Lender, the Tier 6 Junior Lender and the Tier 7 Junior Lender are signatories to the Subordination Agreement, too . Each holder of this instrument ("Promissory Note"), by its acceptance hereof, agrees (i) to be bound by the Subordination Agreement and (ii) that if and to the extent any conflict exists between the terms of this instrument and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and control.

#### PROMISSORY NOTE

\$400,000.00

Date: March 30, 2011  
Dallas, Texas

FOR VALUE RECEIVED, the undersigned, a Nevada corporation having an address set forth below its signature herein ("**Borrower**"), hereby promises to pay to the order of **Internet University, Inc. ("Lender")** at its address listed on the signature page hereto, the principal amount set forth above plus interest thereon from the date hereof, in U.S. Dollars in immediately available funds.

**INTEREST.** Principal of this Promissory Note shall bear interest until payment in full at the rate of 15% per annum until payment in full of the principal sum of this Promissory Note. Interest shall be computed on the basis of a three hundred sixty-five (365) day year and actual days elapsed. Accrued interest is due and payable on the last calendar day of each month computed based on the entire outstanding principle.

**PAYMENTS.** Payments shall be made in accordance with Schedule A hereto. If any amount becomes due and payable hereunder on a Saturday, Sunday or public or other banking holiday under the law of the State of Texas, with respect to such amount the payment date shall be extended to the next succeeding business day, and interest shall be payable thereon at the rate herein specified during such extension.

**PRINCIPAL; MATURITY DATE.** All outstanding principal and accrued and unpaid interest shall become due and payable on the date of the earliest of (i) March 31, 2012 and (ii) the acceleration of the maturity of the amounts due hereunder upon an Event of Default (as herein defined) in accordance with the provisions of this Promissory Note.

**PREPAYMENT.** Borrower may prepay this Promissory Note in full or in part at any time without penalty. All payments shall be applied by Lender as follows: first, to the payment of all

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accrued but unpaid fees, costs, or expenses under this Promissory Note; second, to the payment of interest on the amount of principal being repaid; third, to the repayment of principal under this Promissory Note; and fourth, the balance, if any, to Borrower or to whomsoever may be entitled to such amounts as determined by Lender in its reasonable discretion.

**ADDITIONAL CONSIDERATION.** On the date of execution of this Promissory Note, as additional consideration to induce Lender to enter into this Promissory Note, Borrower agrees to issue to Lender and/or its assigns 12,910,435 shares of CornerWorld Corporation common stock.

**SECURITY.** The obligations of the Borrower hereunder will be secured by collateral granted in favor of Lender as set forth in the Pledge and Security Agreement (“PSA”) dated as of March \_\_\_, 2011, made by Borrower, CornerWorld, Inc. (“CWI”), Enversa Companies, LLC (“Enversa”), Woodland Holdings Corp. (“Holdings”), West Michigan Co-Location Services, LLC (“West Michigan”), T2 TV, LLC (“T2TV”), T2 Communications, LLC (“T2”), Phone Services and More, LLC (“PSM”), Gulf Media Solutions, LLC (“Gulf”), Tiny Dial, LLC (“Tiny Dial”), Bascomb & Richards, LLC (“Bascomb”), Lantana Direct, LLC (“Lantana”), Digital 360, LLC (“Digital”), Leadstream, LLC (“Leadstream”), and Aventura Media System, LLC (“Aventura”), (collectively, the “Grantors” as defined in the PSA) in favor of Lender, subject to the terms and conditions of the Subordination Agreement.

**EVENTS OF DEFAULT BORROWER; REMEDIES.** The occurrence of any of the following events (each, an “Event of Default”) for more than 5 Business Days (hereafter the “Cure Period”) after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Promissory Note immediately due and payable upon presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

- (a) default in the payment when due of interest or principal
- (b) default in the payment when due of interest or principal when due, provided that Lender shall not exercise any of its remedies under the Promissory Note or Pledge and Security Agreement until the aggregate principal amount of all such Indebtedness (as that term is defined in the Credit Agreement between Enversa and S Squared, LLC (“S Squared”), as borrowers and Senior Lenders) exceeds \$50,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) subject to the terms and conditions of the Subordination Agreement; and
- (c) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrower of the indebtedness evidenced by this Promissory Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur.

Upon the occurrence of an Event of Default and such Event of Default shall continue un-remedied for a period of 30 days after notice to the Borrower, the Lender may, in addition to all other remedies, (i) take any action granted to it under the proxies executed by certain shareholders of the Borrower and delivered to the Lender on the date hereof and (ii) at its option, appoint one member to the Board of Directors of the Borrower subject to terms and conditions of the Subordination Agreement..

**WAIVERS.** Borrower waives demand and presentment for payment, notice of non-payment or dishonor, notice of protest and protest of this Promissory Note and any other notice required to be given by applicable law and agrees that its liability hereunder shall not be affected by any renewals, amendments or modifications of this Promissory Note, or extensions of the time of payment of all or any part of the amount owing hereunder at any time or times.

**EXPENSES; ATTORNEYS' FEES.** Borrower agrees to pay any and all court costs incurred by Lender in a legal action based on an Event of Default. Borrower agrees to pay, to the extent allowed by law, reasonable attorneys' fees, costs and expenses paid or incurred by Lender in connection with the collection or enforcement of this Promissory Note, including but not limited to reasonable attorneys' fees, court costs, and costs incurred in connection with any bankruptcy proceedings, whether or not suit is filed. Borrower agrees to pay in full all amounts due under this Promissory Note without setoff, counterclaim, or any deduction whatsoever.

**MISCELLANEOUS.** No provision of this Promissory Note shall be waived, modified or limited except by a written agreement signed by Lender and Borrower. The unenforceability of any provision of this Promissory Note shall not affect the enforceability or validity of any other provision hereof. No delay or omission on the part of Lender in exercising any rights hereunder shall operate as a waiver of such right or of any other right under this Promissory Note. This Promissory Note shall be binding upon the Borrower and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. Lender 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 indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Promissory Note held by the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under the preceding sentence are in addition to other rights and remedies (including other rights of setoff) which the Lender may have.

**GOVERNING LAW; JURISDICTION.** This Promissory Note shall be governed by the laws of the State of Texas. BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF TEXAS AND CONSENTS TO THE PLACING OF VENUE IN DALLAS COUNTY OR OTHER COUNTY PERMITTED BY LAW, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR INSTRUMENT REFERRED TO HEREIN MAY NOT BE LITIGATED IN OR BY SUCH COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AGREES NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT. NOTHING HEREIN SHALL AFFECT ANY RIGHT THAT THE PARTIES MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS PROMISSORY NOTE IN THE

COURTS OF ANY OTHER JURISDICTION. EXCEPT AS PROHIBITED BY LAW, BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT.

**VENUE.** The undersigned consents to the nonexclusive jurisdiction and venue of the state or federal courts located in the City of Dallas, Texas.

**TRIAL BY JURY.** The undersigned hereby waives any right to a trial by jury in any action or proceeding arising out of or in connection with this Promissory Note, or any other claim or dispute between the undersigned and the Lender.

**ESCROW.** The proceeds of the principal amount hereunder shall be held in escrow pending the execution and delivery of the Stock Purchase Agreement and the consummation of the transactions thereunder. In the event that the Stock Purchase Agreement shall not be executed and delivered and the transactions thereunder not consummated, the proceeds shall be promptly returned to the Lender.

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*IN WITNESS WHEREOF*, the parties hereto have duly executed this Promissory Note the day and year first above written.

**CORNERWORLD CORPORATION**

By /s/ Scott Beck

Name: Scott Beck

Title: Chairman and Chief Executive Officer

Address:

13101 Preston Road

Suite 100

Dallas, Texas 75240

The undersigned Lender, acknowledges receipt of this Promissory Note on the 30 day of March, 2011.

LENDER:

**INTERNET UNIVERSITY, INC**

By /s/ Doug Levy

Name: Doug Levy

Title: CEO

Address:

c/o Internet University, Inc

Attn: Doug Levy

12404 Park Central Drive, Suite 400

Dallas, TX 75251

*Schedule A*

<b>Scheduled Payment Date</b>	<b>Amount</b>
April 30, 2011	\$25,000
May 31, 2011	\$25,000
June 30, 2011	\$25,000
July 31, 2011	\$25,000
August 31, 2011	\$25,000
September 30, 2011	\$25,000
October 31, 2011	\$25,000
November 30, 2011	\$25,000
December 31, 2011	\$25,000
January 31, 2012	\$25,000
February 29, 2012	\$25,000
March 31, 2012	\$25,000
April 30, 2012	\$100,000

## Exhibit 10.15

The obligations evidenced hereby are subordinated in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement") dated March 30, 2011 by and among Sovereign - Emerald Crest Capital Partners II, LP, Pacific Specialty Insurance Company (collectively the "Senior Lenders") and Emerald Crest Management Company, LLC, as agent for the Senior Lenders ("Agent"), IU HOLDINGS, LP ("Tier 2 Junior Lender"), IU INVESTMENTS, LLC ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC. ("Internet University"), MARC BLUMBERG ("Blumberg"), and MARC A. PICKREN ("Pickren", and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), INTERNET UNIVERSITY, INC. (a second time, "Tier 5 Junior Lender, and the party identified as "Lender" below, and is only senior to the loan to Scott N. Beck ("Tier 7 Junior Lender") who also is a party to the Subordination Agreement, all as defined in the Subordination Agreement. Each holder of this instrument ("Note"), by its acceptance hereof, agrees (i) to be bound by the Subordination Agreement and (ii) that if and to the extent any conflict exists between the terms of this instrument and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and control.

### PROMISSORY NOTE

\$1,800,000.00

Date: March 30, 2011  
Dallas, Texas

FOR VALUE RECEIVED, the undersigned, a Delaware corporation having an address set forth below its signature herein ("**Borrower**"), hereby promises to pay to the order of **Ned B. Timmer** ("**Lender**", or "**Timmer**"), pursuant to the Settlement Agreement with Ned B. Timmer dated February 3, 2011 (the "Settlement Agreement"), at his address listed on the signature page hereto, the principal amount set forth above plus interest thereon from the date hereof, in U.S. Dollars in immediately available funds.

**INTEREST.** Principal of this Note shall bear interest at the rate of 10% per annum until payment in full of the principal sum of this Note. Interest shall be computed on the basis of a three hundred sixty-five (365) day year and actual days elapsed. Accrued interest is due and payable on the last calendar day of each month computed based on the entire outstanding principal.

**PAYMENTS.** Principal payments shall be made in accordance with Schedule A hereto. If any amount becomes due and payable hereunder on a Saturday, Sunday or public or other banking holiday under the law of the State of Texas, with respect to such amount the payment date shall be extended to the next succeeding business day, and interest shall be payable thereon at the rate herein specified during such extension.

**PRINCIPAL; MATURITY DATE.** All outstanding principal and accrued and unpaid interest shall become due and payable on the date of the earliest of (i) April 30, 2016 and (ii) the acceleration of the maturity of the amounts due hereunder upon an Event of Default (as herein defined) in accordance with the provisions of this Note.

**PREPAYMENT.** Borrower may prepay this Note in full or in part at any time without penalty. All payments shall be applied by Lender as follows: first, to the payment of all accrued but unpaid fees, costs, or expenses under this Note; second, to the payment of interest on the amount of

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principal being repaid; third, to the repayment of principal under this Note; and fourth, the balance, if any, to Borrower or to whomsoever may be entitled to such amounts as determined by Lender in its reasonable discretion.

**SECURITY.** The obligations of the Borrower hereunder will be secured by collateral granted in favor of Lender as set forth in the Pledge and Security Agreement (“PSA”) dated as of March \_\_\_, 2011 made by Borrower, CornerWorld Corporation (“Parent” or “CornerWorld”), CornerWorld, Inc. (“CWI”), Enversa Companies, LLC (“Enversa”), Woodland Holdings Corp. (“Holdings”), Woodland Wireless Solutions Ltd. (“Woodland Wireless”), S Squared, LLC (“Ranger”), West Michigan Co-Location Services, LLC (“West Michigan”), T2 TV, LLC (“T2TV”), T2 Communications, LLC (“T2”), and Phone Services and More, LLC (“PSM”) (collectively, the “Companies”) in favor of Lender subject to the terms and conditions of the Subordination Agreement.

**EVENTS OF DEFAULT BORROWER; REMEDIES.** The occurrence of any of the following events (each, an “Event of Default”) for more than 5 Business Days (hereafter the “Cure Period”) after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Note immediately due upon for payment by Borrower:

- (a) default in the payment when due of interest or principal;
- (b) default in the payment when due of interest or principal to the extent that the aggregate principal amount of all such Indebtedness (as that term is defined in the Credit Agreement of March 30, 2011 between Senior Lenders, and Enversa and Ranger as Borrowers) exceeds \$100,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise)
- (c) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrower of the indebtedness evidenced by this Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur; or
- (d) any default of the Pledge and Security Agreement, Settlement Agreement, or the Non-Disclosure, Non-Solicitation, Non-Competition, Confidentiality, Non-Disparagement and Non-Interference Agreement (“Non-Compete Agreement”) dated this date.

**EVENTS OF DEFAULT LENDER:** The payments on this Note are contingent upon Lender's refraining from disclosing to anyone after December 1, 2010, the terms, provisions or existence of any patent license agreements, including without limitation, patent license agreements, to which the CornerWorld or any of its affiliates is a party (as either licensor or licensee), except as required by law or court order, and then only to the extent so required pursuant to paragraph 5(b)(iii) of the Settlement Agreement. Upon disclosure in violation of this paragraph 5(b)(iii) of the Settlement Agreement by Lender, all remaining unpaid accrued interest and principal due to Lender shall immediately and permanently cease, and Borrower's obligations under this Note and the PSA owed to Lender shall end.

**DEBT OWED TO IU INVESTMENTS, LLC AND INTERNET UNIVERSITY, INC. BY CORNERWORLD AND/OR ITS SUBSIDIARIES:** The Borrower and Lender agree and understand that as of March 30, 2011, the debt owed to IU Investments, LLC and Internet University, Inc. shall be \$665,000 and \$1,764,199, respectively, and shall not be paid down below the lesser of (a) the current principal balance (as of the date of funding the Lump Sum Payment closing, as provided under the Settlement Agreement of February 3, 2011 (the "Settlement Agreement") entered into between CornerWorld, including its subsidiaries and affiliates, and Timmer ), or (b) the balance owed on this Note until December 2012, and then the balances owed may only be paid down, if this Note is not in default. Finally, it is understood and agreed that if any additional amounts are advanced and/or loaned by IU Investments, LLC and Internet University, Inc. to CornerWorld and/or its subsidiaries, such amounts will not have priority over Timmer in any collateral held jointly by Timmer and IU Investments, LLC and Internet University, Inc., rather, those additional amounts will be subordinated to this Note.

**WAIVERS.** Borrower waives demand and presentment for payment, notice of non-payment or dishonor, notice of protest and protest of this Note and any other notice required to be given by applicable law and agrees that its liability hereunder shall not be affected by any renewals, amendments or modifications of this Note, or extensions of the time of payment of all or any part of the amount owing hereunder at any time or times.

**MISCELLANEOUS.** No provision of this Note shall be waived, modified or limited except by a written agreement signed by Lender and Borrower. The unenforceability of any provision of this Note shall not affect the enforceability or validity of any other provision hereof. No delay or omission on the part of Lender in exercising any rights hereunder shall operate as a waiver of such right or of any other right under this Note. This Note shall be binding upon the Borrower and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. Lender 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 indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Note held by the Lender, irrespective of whether or not the Lender shall have made any demand under this Note and although such obligations may be unmaturing, provided, however, that the foregoing right of setoff shall at all times be subject to the obligations of Lender under the Subordination Agreement. The rights of Lender under the preceding sentence are in addition to other rights and remedies (including other rights of setoff) which the Lender may have.

**GOVERNING LAW; JURISDICTION.** **This Note shall be governed by the laws of the State of New York. BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF MICHIGAN AND CONSENTS TO THE PLACING OF VENUE IN OTTAWA COUNTY OR OTHER COUNTY PERMITTED BY LAW, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH**



**COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS NOTE OR ANY AGREEMENT REFERRED TO HEREIN MAY NOT BE LITIGATED IN OR BY SUCH COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AGREES NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT. NOTHING HEREIN SHALL AFFECT ANY RIGHT THAT THE PARTIES MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS NOTE IN THE COURTS OF ANY OTHER JURISDICTION. EXCEPT AS PROHIBITED BY LAW, BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.**

**TRIAL BY JURY**. The undersigned hereby waives any right to a trial by jury in any action or proceeding arising out of or in connection with this Note, or any other claim or dispute between the undersigned and the Lender.

**LITIGATION COSTS**. The Parties agree that the Successful Party, as that term is defined under the laws of the State of Michigan, shall be entitled to recover from the other Party all costs of collection or enforcement or defense of litigation, as the case may be including, without limitation, reasonable attorneys' fees incurred in any collection, enforcement or defense efforts or in any action or proceeding (all such obligations being the "Obligations") related to this Note and/or the Collateral (as defined in the Pledge and Security Agreement referenced above).

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*IN WITNESS WHEREOF*, the parties hereto have duly executed this Note the day and year first above written.

**WOODLAND HOLDINGS CORPORATION**

By /s/ Scott Beck

Name: Scott Beck

Title: Chairman and Chief Executive Officer

Address:

13101 Preston Road

Suite 100

Dallas, Texas 75240

The undersigned Lender, acknowledges receipt of this Promissory Note on the 30th day of March, 2011

LENDER:

By /s/ Ned Timmer

Name: Ned Timmer

An individual

Address:

Mr. Ned B. Timmer

2113 N White Birch Dr.

Mears, MI 49436

*Schedule A*

<b>Scheduled Payment Date</b>	<b>Amount</b>
April 30, 2012	\$360,000
April 30, 2013	\$360,000
April 30, 2014	\$360,000
April 30, 2015	\$360,000
April 30, 2016	\$360,000

## Exhibit 10.16

The obligations evidenced hereby are subordinated in the priority order listed below, and more particularly in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement") dated March 30, 2011 by and among Sovereign - Emerald Crest Capital Partners II, LP, Pacific Specialty Insurance Company (collectively the "Senior Lenders") and Emerald Crest Management Company, LLC, as agent for the Senior Lenders ("Agent"), IU HOLDINGS, LP ("Tier 2 Junior Lender"), IU INVESTMENTS, LLC ("Tier 3 Junior Lender"), INTERNET UNIVERSITY, INC. ("Internet University"), MARC BLUMBERG ("Blumberg"), and MARC A. PICKREN ("Pickren", and collectively with Internet University and Blumberg, the "Tier 4 Junior Lenders"), INTERNET UNIVERSITY, INC. (a second time, "Tier 5 Junior Lender"), NED B. TIMMER ("Tier 6 Junior Lender" or "Timmer"), and the party identified as "Lender" below ("Tier 7 Junior Lender"), as defined as to all in the Subordination Agreement. Lender's loan and security interest has no seniority over any of the above. Each holder of this instrument ("Promissory Note"), by its acceptance hereof, agrees (i) to be bound by the Subordination Agreement and (ii) that if and to the extent any conflict exists between the terms of this instrument and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall govern and control.

### PROMISSORY NOTE

\$389,942.00

Date: March 30, 2011  
Dallas, Texas

FOR VALUE RECEIVED, the undersigned, a Nevada corporation having an address set forth below its signature herein ("**Borrower**"), hereby promises to pay to the order of **Scott N. Beck** ("**Lender**") at his address listed on the signature page hereto, the principal amount set forth above plus interest thereon from the date hereof, in U.S. Dollars in immediately available funds.

**INTEREST.** Principal of this Promissory Note shall bear interest until payment in full at the rate of 10% per annum until payment in full of the principal sum of this Promissory Note. Interest shall be computed on the basis of a three hundred sixty-five (365) day year and actual days elapsed. Accrued interest is due and payable on the last calendar day of each month computed based on the entire outstanding principle.

**PAYMENTS.** Payments shall be made in accordance with Schedule A hereto. If any amount becomes due and payable hereunder on a Saturday, Sunday or public or other banking holiday under the law of the State of Texas, with respect to such amount the payment date shall be extended to the next succeeding business day, and interest shall be payable thereon at the rate herein specified during such extension.

**PRINCIPAL; MATURITY DATE.** All outstanding principal and accrued and unpaid interest shall become due and payable on the date of the earliest of (i) September 30, 2013 and (ii) the acceleration of the maturity of the amounts due hereunder upon an Event of Default (as herein defined) in accordance with the provisions of this Promissory Note.

**PREPAYMENT.** Borrower may prepay this Promissory Note in full or in part at any time without penalty. All payments shall be applied by Lender as follows: first, to the payment of all accrued but unpaid fees, costs, or expenses under this Promissory Note; second, to the payment of interest on the amount of principal being repaid; third, to the repayment of principal under this Promissory Note;

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and fourth, the balance, if any, to Borrower or to whomsoever may be entitled to such amounts as determined by Lender in its reasonable discretion.

**ADDITIONAL CONSIDERATION.** On the date of execution of this Promissory Note, as additional consideration to induce Lender to enter into this Promissory Note, Borrower agrees to issue to Lender and/or its assigns 12,585,802 shares of CornerWorld Corporation Common stock.

**SECURITY.** The obligations of the Borrower hereunder will be secured by collateral granted in favor of Lender as set forth in the Pledge and Security Agreement (“PSA”) dated as of March \_\_\_, 2011, made by Borrower, CornerWorld, Inc. (“CWI”), Enversa Companies, LLC (“Enversa”), Woodland Holdings Corp. (“Holdings”), West Michigan Co-Location Services, LLC (“West Michigan”), T2 TV, LLC (“T2TV”), T2 Communications, LLC (“T2”), Phone Services and More, LLC (“PSM”), Gulf Media Solutions, LLC (“Gulf”), Tiny Dial, LLC (“Tiny Dial”), Bascomb & Richards, LLC (“Bascomb”), Lantana Direct, LLC (“Lantana”), Digital 360, LLC (“Digital”), Leadstream, LLC (“Leadstream”), and Aventura Media System, LLC (“Aventura”) (collectively, the “Grantors” as defined in the PSA) in favor of Lender, subject to the terms and conditions of the Subordination Agreement.

**EVENTS OF DEFAULT BORROWER; REMEDIES.** The occurrence of any of the following events (each, an “Event of Default”) for more than 5 Business Days (hereafter the “Cure Period”) after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Promissory Note immediately due and payable upon presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

- (a) default in the payment when due of interest or principal
- (b) default in the payment when due of interest or principal when due, provided that Lender shall not exercise any of its remedies under the Note or Pledge and Security Agreement until the aggregate principal amount of all such Indebtedness (as that term is defined in the Credit Agreement of March \_\_\_, 2011 between S Squared, LLC doing business as Ranger Wireless, LLC (“S Squared”) and Enversa, as borrowers and Senior Lenders) exceeds \$100,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) subject to the terms and conditions of the Subordination Agreement;
- (c) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrower of the indebtedness evidenced by this Promissory Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

Upon the occurrence of an Event of Default and such Event of Default shall continue un-remedied for a period of 30 days after notice to the Borrower, the Lender may, in addition to all other remedies, (i) take any action granted to it under the proxies executed by certain shareholders of the Borrower and delivered to the Lender on the date hereof and (ii) at its option, appoint one member to the Board of Directors of the Borrower, subject to the terms and conditions of the Subordination Agreement.

**WAIVERS.** Borrower waives demand and presentment for payment, notice of non-payment or dishonor, notice of protest and protest of this Promissory Note and any other notice required to be given by applicable law and agrees that its liability hereunder shall not be affected by any renewals, amendments or modifications of this Promissory Note, or extensions of the time of payment of all or any part of the amount owing hereunder at any time or times.

**EXPENSES; ATTORNEYS' FEES.** Borrower agrees to pay any and all court costs incurred by Lender in a legal action based on an Event of Default. Borrower agrees to pay, to the extent allowed by law, reasonable attorneys' fees, costs and expenses paid or incurred by Lender in connection with the collection or enforcement of this Promissory Note, including but not limited to reasonable attorneys' fees, court costs, and costs incurred in connection with any bankruptcy proceedings, whether or not suit is filed. Borrower agrees to pay in full all amounts due under this Note without setoff, counterclaim, or any deduction whatsoever.

**MISCELLANEOUS.** No provision of this Promissory Note shall be waived, modified or limited except by a written agreement signed by Lender and Borrower. The unenforceability of any provision of this Note shall not affect the enforceability or validity of any other provision hereof. No delay or omission on the part of Lender in exercising any rights hereunder shall operate as a waiver of such right or of any other right under this Promissory Note. This Promissory Note shall be binding upon the Borrower and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. Lender 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 indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Promissory Note held by the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under the preceding sentence are in addition to other rights and remedies (including other rights of setoff) which the Lender may have.

**GOVERNING LAW; JURISDICTION.** This Promissory Note shall be governed by the laws of the State of Texas. BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF TEXAS AND CONSENTS TO THE PLACING OF VENUE IN DALLAS COUNTY OR OTHER COUNTY PERMITTED BY LAW, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR INSTRUMENT REFERRED TO HEREIN MAY NOT BE LITIGATED IN OR BY SUCH COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AGREES NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT. NOTHING HEREIN SHALL AFFECT ANY RIGHT THAT THE PARTIES MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS NOTE IN THE COURTS OF ANY

OTHER JURISDICTION. EXCEPT AS PROHIBITED BY LAW, BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT.

**VENUE.** The undersigned consents to the nonexclusive jurisdiction and venue of the state or federal courts located in the City of Dallas, Texas.

**TRIAL BY JURY.** The undersigned hereby waives any right to a trial by jury in any action or proceeding arising out of or in connection with this Promissory Note, or any other claim or dispute between the undersigned and the Lender.

**ESCROW.** The proceeds of the principal amount hereunder shall be held in escrow pending the execution and delivery of the Stock Purchase Agreement and the consummation of the transactions thereunder. In the event that the Stock Purchase Agreement shall not be executed and delivered and the transactions thereunder not consummated, the proceeds shall be promptly returned to the Lender.

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*IN WITNESS WHEREOF*, the parties hereto have duly executed this Promissory Note the day and year first above written.

**CORNERWORLD CORPORATION**

By /s/ V. Chase McCrea III

Name: V. Chase McCrea III

Title: Chief Financial

Address:

13101 Preston Road

Suite 100

Dallas, Texas 75240

The undersigned Lender, acknowledges receipt of this Promissory Note on the 30 day of March, 2011.

LENDER:

By /s/ Scott N. Beck

Name: Scott N. Beck

An individual

Address:



*Schedule A*

<b>Scheduled Payment Date</b>	<b>Amount</b>
April 30, 2011	\$12,746
May 31, 2011	\$12,746
June 30, 2011	\$12,746
July 31, 2011	\$12,746
August 31, 2011	\$12,746
September 30, 2011	\$12,746
October 31, 2011	\$12,746
November 30, 2011	\$12,746
December 31, 2011	\$12,746
January 31, 2012	\$12,746
February 29, 2012	\$12,746
March 31, 2012	\$12,746
April 30, 2012	\$12,746
May 31, 2012	\$12,746
June 30, 2012	\$12,746
July 31, 2012	\$12,746
August 31, 2012	\$12,746
September 30, 2012	\$12,746
October 31, 2012	\$12,746
November 30, 2012	\$12,746
December 31, 2012	\$12,746
January 31, 2013	\$12,746
February 28, 2013	\$12,746
March 31, 2013	\$12,746
April 30, 2013	\$12,746
May 31, 2013	\$12,746
June 30, 2013	\$12,746
July 31, 2013	\$12,746
August 31, 2013	\$12,746
September 30, 2013	\$20,308

Exhibit 10.17

PROMISSORY NOTE

\$37,976.00

Date: March 30, 2011  
Dallas, Texas

FOR VALUE RECEIVED, the undersigned, a Nevada corporation having an address set forth below its signature herein (“**Borrower**”), hereby promises to pay to the order of **Kelly Larabee Morlan** (“**Lender**”) at her address listed on the signature page hereto, the principal amount set forth above plus interest thereon from the date hereof, in U.S. Dollars in immediately available funds.

**INTEREST.** Principal of this Note shall bear interest until payment in full at the rate of 10% per annum until payment in full of the principal sum of this Note. Interest shall be computed on the basis of a three hundred sixty-five (365) day year and actual days elapsed. Accrued interest is due and payable on the last calendar day of each month computed based on the entire outstanding principle.

**PAYMENTS.** Payments shall be made in accordance with Schedule A hereto. If any amount becomes due and payable hereunder on a Saturday, Sunday or public or other banking holiday under the law of the State of Texas, with respect to such amount the payment date shall be extended to the next succeeding business day, and interest shall be payable thereon at the rate herein specified during such extension.

**PRINCIPAL; MATURITY DATE.** All outstanding principal and accrued and unpaid interest shall become due and payable on the date of the earliest of (i) march 31, 2012 and (ii) the acceleration of the maturity of the amounts due hereunder upon an Event of Default (as herein defined) in accordance with the provisions of this Note.

**PREPAYMENT.** Borrower may prepay this Note in full or in part at any time without penalty. All payments shall be applied by Lender as follows: first, to the payment of all accrued but unpaid fees, costs, or expenses under this Note; second, to the payment of interest on the amount of principal being repaid; third, to the repayment of principal under this Note; and fourth, the balance, if any, to Borrower or to whomsoever may be entitled to such amounts as determined by Lender in its reasonable discretion.

**ADDITIONAL CONSIDERATION.** On the date of execution of this Promissory Note, as additional consideration to induce Lender to enter into this Promissory Note, Borrower agrees to issue to Lender and/or its assigns 1,194,215 shares of CornerWorld Corporation Common stock.

**SECURITY.** The obligations of the Borrower hereunder will be unsecured.

**EVENTS OF DEFAULT BORROWER; REMEDIES.** The occurrence of any of the following events (each, an “**Event of Default**”) for more than 5 Business Days (hereafter the “**Cure Period**”) after receipt of written notice from Lender to Borrower, shall, at the option of the Lender, make all sums of interest and principal of this Note immediately due and payable upon presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

(a) default in the payment when due of interest or principal

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(b) insolvency, general assignment for the benefit of creditors, filing of any petition in bankruptcy or for relief under the provisions of the Bankruptcy Code or any other laws or laws for the relief of or relating to debtors, of, by, or against the Borrower of the indebtedness evidenced by this Note, provided that if any proceeding shall be instituted against any Borrower or any of their subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against Borrower or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

**WAIVERS.** Borrower waives demand and presentment for payment, notice of non-payment or dishonor, notice of protest and protest of this Note and any other notice required to be given by applicable law and agrees that its liability hereunder shall not be affected by any renewals, amendments or modifications of this Note, or extensions of the time of payment of all or any part of the amount owing hereunder at any time or times.

**EXPENSES; ATTORNEYS' FEES.** Borrower agrees to pay any and all court costs incurred by Lender in a legal action based on an Event of Default. Borrower agrees to pay, to the extent allowed by law, reasonable attorneys' fees, costs and expenses paid or incurred by Lender in connection with the collection or enforcement of this Note, including but not limited to reasonable attorneys' fees, court costs, and costs incurred in connection with any bankruptcy proceedings, whether or not suit is filed. Borrower agrees to pay in full all amounts due under this Note without setoff, counterclaim, or any deduction whatsoever.

**MISCELLANEOUS.** No provision of this Note shall be waived, modified or limited except by a written agreement signed by Lender and Borrower. The unenforceability of any provision of this Note shall not affect the enforceability or validity of any other provision hereof. No delay or omission on the part of Lender in exercising any rights hereunder shall operate as a waiver of such right or of any other right under this Note. This Note shall be binding upon the Borrower and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. Lender 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 indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Note held by the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under the preceding sentence are in addition to other rights and remedies (including other rights of setoff) which the Lender may have.

**GOVERNING LAW; JURISDICTION.** This Note shall be governed by the laws of the State of Texas. BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF TEXAS AND CONSENTS TO THE PLACING OF VENUE IN DALLAS COUNTY OR OTHER COUNTY PERMITTED BY LAW, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS

BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR INSTRUMENT REFERRED TO HEREIN MAY NOT BE LITIGATED IN OR BY SUCH COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AGREES NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT. NOTHING HEREIN SHALL AFFECT ANY RIGHT THAT THE PARTIES MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS NOTE IN THE COURTS OF ANY OTHER JURISDICTION. EXCEPT AS PROHIBITED BY LAW, BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT.

**VENUE.** The undersigned consents to the nonexclusive jurisdiction and venue of the state or federal courts located in the City of Dallas, Texas.

**TRIAL BY JURY.** The undersigned hereby waives any right to a trial by jury in any action or proceeding arising out of or in connection with this Note, or any other claim or dispute between the undersigned and the Lender.

**ESCROW.** The proceeds of the principal amount hereunder shall be held in escrow pending the execution and delivery of the Stock Purchase Agreement and the consummation of the transactions thereunder. In the event that the Stock Purchase Agreement shall not be executed and delivered and the transactions thereunder not consummated, the proceeds shall be promptly returned to the Lender.

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*IN WITNESS WHEREOF*, the parties hereto have duly executed this Note the day and year first above written.

**CORNERWORLD CORPORATION**

By /s/ Scott N. Beck

Name: Scott N. Beck

Title: Chairman and Chief Executive Officer

Address:

13101 Preston Road

Suite 100

Dallas, Texas 75240

By /s/ Kelly Larabee Morlan

Name: Kelly Larabee Morlan

An individual

*Schedule A*

<b>Scheduled Payment Date</b>	<b>Amount</b>
April 30, 2011	\$3,165
May 31, 2011	\$3,165
June 30, 2011	\$3,165
July 31, 2011	\$3,165
August 31, 2011	\$3,165
September 30, 2011	\$3,165
October 31, 2011	\$3,165
November 30, 2011	\$3,165
December 31, 2011	\$3,165
January 31, 2012	\$3,165
February 29, 2012	\$3,165
March 31, 2012	\$3,165

## Exhibit 10.18

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

Original Issue Date: March 30, 2011

### COMMON STOCK PURCHASE WARRANT To Purchase 6,133,406 Shares of Common Stock of CORNERWORLD CORPORATION

THIS COMMON STOCK PURCHASE WARRANT (this "**Warrant**") certifies that, for value received, Dragonfly Capital Partners LLC or its registered assigns (the "**Holder**"), is entitled, upon the terms and subject to the conditions hereinafter set forth, at any time on or after the date hereof (the "**Initial Exercise Date**"), and on or prior to the close of business on March 30, 2016 (the "**Termination Date**"), to purchase up to 6,133,406 shares (the "**Warrant Shares**") of Common Stock, par value \$0.001 per share (the "**Common Stock**"), of CornerWorld Corporation, a Nevada corporation (the "**Company**").

**Section 1. Definitions.** Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

**Section 2. Exercise.**

(a) **Exercise Price.** The exercise price for all the Warrant Shares under this Warrant shall be \$100.00 in the aggregate, or a pro rata portion thereof with respect to less than all of the Warrant Shares (the "**Exercise Price**").

(b) **Exercise of Warrant.** Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time, or from time to time, on or after the Initial Exercise Date, and on or before the Termination Date, by delivering to the Company: (i) a duly executed copy of the Notice of Exercise Form attached hereto as **Exhibit A** and, (ii) payment of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised, which may take the form of a "cashless exercise", as more particularly described below. The date on which the last of such items is delivered to the Company (as determined in accordance with the notice provisions hereof) is the "**Exercise Date**".

Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and this Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Exercise Date. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases.

(c) **Cashless Exercise.** In lieu of the payment of the aggregate Exercise Price, the Holder shall have the right (but not the obligation), to require the Company to convert this Warrant, in whole or in part, into shares of Common Stock (the "**Cashless Exercise Right**"). Upon exercise of the Cashless

Exercise Right, the Company shall deliver to the Holder (without payment of the Exercise Price) that number of shares determined as follows:

$$X = Y [(A-B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder;

Y = the total number of Warrant Shares with respect to which this Warrant is being exercised;

A = the average of the Common Stock's Closing Sale Prices (as determined below) for the five (5) consecutive Trading Days ending on the date immediately preceding the Exercise Date; and

B = the Exercise Price per Warrant Share then in effect at the time of such exercise.

For the purposes of this Warrant:

**"Closing Sale Price"** means, for any security as of any date, the last trade price for such security on the principal securities exchange or trading market for such security, as reported by Bloomberg Financial Markets, or, if such exchange or trading market begins to operate on an extended hours basis and does not designate the last trade price, then the last trade price of such security prior to 4:00 P.M., New York City time, as reported by Bloomberg Financial Markets, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security reported by Bloomberg Financial Markets, or, if no last trade price is reported for such security by Bloomberg Financial Markets, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported on the "pink sheets" by Pink Sheets LLC. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then the Board of Directors of the Company shall use its good faith judgment to determine the fair market value, in which case, the Board of Directors' determination shall be binding upon all parties absent a showing of bad faith or demonstrable error. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

**"Trading Day"** means any day on which the New York Stock Exchange is open for business.

(d) Mechanics of Exercise.

i. Authorization of Warrant Shares. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and the payment of the Exercise Price, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof.

ii. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the transfer agent of the Company to the Holder by crediting the account of the Holder's prime broker with the Depository Trust Company through its Deposit Withdrawal Agent Commission ("**DWAC**") system if the Company is a participant in such system, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise, within five Trading Days of the Exercise Date (the "**Warrant Share Delivery Date**").



- iii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical to this Warrant.
- iv. Rescission Rights. If the Company fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Shares pursuant to Section 2(d)(ii) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.
- v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional shares that would otherwise be issuable, the number of Warrant Shares to be issued shall be rounded down to the next whole number and the Company shall pay Holder in cash the fair market value of such fractional share (based on the Closing Sale Price).
- vi. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder (or Holder's assigns) for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company.
- vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant pursuant to the terms hereof.

### **Section 3. Certain Adjustments.**

- (a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case, the number of Warrant Shares shall be increased so that immediately following such event this Warrant shall be exercisable for the same percentage of the outstanding Common Stock as it was immediately prior to such event. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date in the case of a dividend or distribution, or the effective date in the case of a subdivision, combination or re-classification, as applicable.
- (b) Fundamental Transaction. If, at any time while this Warrant is outstanding the Company effects or authorizes any: (i) merger or consolidation of the Company with or into another Person, (ii) sale of all or substantially all of its assets in one or a series of related transactions, (iii) tender offer or exchange offer (whether by the Company or another Person) pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each, a "**Fundamental Transaction**"), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant without regard to any limitations on exercise contained herein (the "**Alternate**

**Consideration**”). If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder’s right to exercise such warrant into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is affected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3(b) and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

**Section 4. Warrant Registry and Transfers.**

(a) Warrant Registry. The Company shall register this Warrant, upon the records to be maintained by the Company for that purpose (the “**Warrant Registry**”), in the name of the Holder, or, as the case may be, any registered assignee to which this Warrant is permissibly assigned hereunder.

(b) Transfers. Subject to compliance with all applicable securities laws, the Company shall register the transfer of all or any portion of this Warrant in the Warrant Registry, upon delivery to the Company of (i) this Warrant; (ii) a completed and duly executed Assignment of Warrant in the form attached hereto as **Exhibit B**; (iii) a written statement by transferee certifying that transferee is an “accredited investor” as defined in Rule 501(A) under the Securities Act; and (iv) at the Company’s request, an opinion of counsel reasonably satisfactory to the Company to the effect that the transfer may be made pursuant to an available exemption from the registration requirements of the Securities Act and all applicable state securities or blue sky laws. Upon such registration of transfer, a new warrant to purchase Common Stock in substantially the form of this Warrant (any such new warrant, a “**New Warrant**”) evidencing the portion of this Warrant so transferred shall be issued to the transferee, and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder.

**Section 5: Redemption.**

**Section 6. Miscellaneous.**

(a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof.

(b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of this Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

(c) Action on Non-Trading Days. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then such action may be taken or such right may be exercised on the next succeeding Trading Day.

(d) Authorized Shares.

The Company covenants that during the period this Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the

Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any stock exchange or trading market upon which the Common Stock may be listed.

Except to the extent waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant, and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

(e) Governing Law; Jurisdiction; Waiver of Trial by Jury. IN ACCORDANCE WITH SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED EXCLUSIVELY IN THE STATE OF NEW YORK. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HERewith OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT. EACH PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO BORROWER AT ITS ADDRESS FOR NOTICES AS SET FORTH IN THE CREDIT AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE 10 DAYS AFTER SUCH MAILING. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. EACH PARTY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS WARRANT, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. COMPANY CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF HOLDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT HOLDER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. COMPANY HEREBY ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT

FOR HOLDER ENTERING INTO THE UNDERLYING CREDIT AGREEMENT AND TRANSACTIONS FROM WHICH THIS WARRANT ARISES.

(f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

(g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to Holder such amounts as shall be sufficient to cover any reasonable costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

(h) Notices. Any and all notices or other communications or deliveries hereunder (including, without limitation, any Exercise Notice, Company Election or Holder Election) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Credit Agreement prior to 5:\_\_\_ P.M., New York City time, on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Credit Agreement on a day that is not a Trading Day or later than 5:\_\_\_ P.M., New York City time, on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service specifying next business day delivery, or (iv) upon actual receipt by the party to whom such notice is required to be given, if by hand delivery. The address and facsimile number of a party for such notices or communications shall be as set forth in the Credit Agreement unless changed with two (2) Trading Days' prior notice.

(i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

(j) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

(k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

(l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

(m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

(n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed on the date first written above.

**CORNERWORLD CORPORATION**

By: /s/ Scott N. Beck

Scott Beck

Chairman and Chief Executive Officer

**EXHIBIT A  
NOTICE OF EXERCISE**

TO: CORNERWORLD CORPORATION

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

lawful money of the United States; or

the issuance of \_\_\_\_\_ shares of Common Stock in accordance the Cashless Exercise Right formula set forth in Section 2(c) of the Warrant.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_  
The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

\_\_\_\_\_

\_\_\_\_\_

(4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_

*Signature of Authorized Signatory of Investing Entity* : \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**ASSIGNMENT OF WARRANT**

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (the "**Transferee**") the right represented by the within Warrant to purchase \_\_\_\_\_ shares of Common Stock of CornerWorld Corporation (the "**Company**") to which the within Warrant relates. In connection therewith, the undersigned represents, warrants, covenants and agrees to and with the Company that:

(a) the offer and sale of this Warrant contemplated hereby is being made in compliance with Section 4(1) of the United States Securities Act of 1933, as amended (the "**Securities Act**") or another valid exemption from the registration requirements of Section 5 of the Securities Act and in compliance with all applicable securities laws of the states of the United States;

(b) the undersigned has not offered to sell the Warrant by any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, and any seminar or meeting whose attendees have been invited by any general solicitation or general advertising;

(c) the undersigned has reviewed Transferee' s Accredited Investor Certification delivered herewith, and has no reason to believe it is not true and accurate; and

(d) the undersigned understands that the Company may condition the transfer of the Warrant contemplated hereby upon the delivery to the Company by the undersigned or the Transferee, as the case may be, of a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable securities laws of the states of the United States.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

Address of Transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In the presence of:

\_\_\_\_\_