

Exhibit A

Credit Agreement

Filing Copy in Substantially Final Form

SENIOR SECURED SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT

between

[_____], as Lender,

and

THE SCO GROUP, INC.
and
SCO OPERATIONS, INC.,
as the Borrowers

and

certain Subsidiaries of the Borrowers,
as the Guarantors

Dated:

December [__], 2007

**SENIOR SECURED SUPER-PRIORITY DEBTOR-IN-POSSESSION
CREDIT AGREEMENT**

THIS SENIOR SECURED SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT, dated as of December __, 2007, is entered into among THE SCO GROUP, INC., a Delaware corporation (the "Parent"), SCO OPERATIONS, INC., a Delaware corporation ("SCO Operations" together with Parent, are referred to hereinafter each individually, as a "Borrower", and collectively, as the "Borrowers"), each domestic Subsidiary of the Borrowers existing on the Closing Date and each Subsidiary of the Borrowers that from time to time after the Closing Date becomes a party hereto pursuant to Section 5.14 hereof (each individually, as a "Guarantor", and collectively, as the "Guarantors"), and the Lender (as defined below).

WHEREAS, on September 14, 2007, the Borrowers, commenced Chapter 11 Case Nos. 07-11337 and 07-11338 as administratively consolidated at Chapter 11 Case No. 07-11337 (each a "Chapter 11 Case" and collectively, the "Chapter 11 Cases") by filing separate voluntary petitions for reorganization under Chapter 11, 11 U.S.C. 101 et seq. (the "Bankruptcy Code"), with the United States Bankruptcy Court for District of Delaware (the "Bankruptcy Court"). The Borrowers continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code;

WHEREAS, the Borrowers and [York Capital Newco] have entered into an Asset Purchase Agreement dated November __, 2007 (the "Purchase Agreement"). This Agreement is the "Litigation Credit Facility" defined in the Purchase Agreement. As contemplated by the Purchase Agreement, and pursuant to the terms of this Agreement, the Borrowers have requested that Lenders provide a senior secured, super-priority revolving credit facility to Borrowers of up to Ten Million Dollars (US \$10,000,000) in the aggregate to fund the prosecution of the Specified Litigation (as defined below);

WHEREAS, Lender is willing to make certain loans to Borrowers of up to such amount upon the terms and conditions set forth herein;

WHEREAS, each of the Guarantors have agreed to jointly and severally guarantee the prompt payment and performance of all Obligations under the Loan Documents;

WHEREAS, the Borrowers and the Guarantors have agreed to secure the Obligations under the Loan Documents by granting to the Lender a security interest in and lien upon all of their existing and after-acquired personal and real property, except for Excluded Property (as defined below);

WHEREAS, the Borrowers' business is a mutual and collective enterprise and the Borrowers believe that the consolidation of all loans under this Agreement will enhance the aggregate borrowing powers of the Borrowers and facilitate the administration of the Chapter 11 Cases and their loan relationship with the Lender, all to the mutual advantage of the Borrowers;

WHEREAS, each Guarantor acknowledges that it will receive substantial direct and indirect benefits by reason of the making of loans and other financial accommodations to the other Borrowers as provided in this Agreement;

WHEREAS, the Lender's willingness to extend loans to the Borrowers, and to administer each Borrower's collateral security therefor, on a combined basis as more fully set forth in this Agreement, is done solely as an accommodation to the Borrowers and at the Borrowers' request and in furtherance of the Borrowers' mutual and collective enterprise; and

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

SECTION I

DEFINITIONS

1.1 Definitions.

All capitalized terms used in this Agreement, in the Note, in the other Loan Documents or in any certificate, report or other document made or delivered pursuant to this Agreement (unless otherwise defined therein) shall have the meanings assigned to them below:

Accounts Receivable and Accounts. All rights of any Borrower to payment of a monetary obligation (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a secondary obligation incurred or to be incurred, or (iv) arising out of the use of a credit or charge card or information contained on or for use with the card; and all sums of money and other Proceeds due or becoming due thereon, all notes, bills, drafts, acceptances, instruments, documents and other debts, obligations and liabilities, in whatever form, owing to the Borrower with respect thereto, all guarantees and security therefor, and the Borrower's rights pertaining to and interest such property, including the right of stoppage in transit, replevin or reclamation; all chattel paper; all amounts due from Affiliates of any Borrower; all insurance proceeds; all other rights and claims to the payment of money, under contracts or otherwise; and all other property constituting "accounts" as such term is defined in the Uniform Commercial Code. Accounts Receivable and Accounts do not include Excluded Property.

Affiliate. With reference to any Person, (i) any director, officer or employee of that Person, (ii) any other Person controlling, controlled by or under direct or indirect common control of that Person, (iii) any other Person directly or indirectly holding 5% or more of any class of the capital stock or other equity interests (including options, warrants, convertible securities and similar rights) of that Person and (iv) any other Person 5% or more of any class of whose capital stock or other equity interests (including options, warrants, convertible securities and similar rights) is held directly or indirectly by that Person. Notwithstanding anything to the contrary contained herein, the Lender shall not be deemed an Affiliate of any Borrower.

Agreement. This Credit Agreement, including the Exhibits hereto, as the same may be supplemented, amended or restated from time to time.

Applicable Margin. With respect to Base Rate Loans, 2%; and with respect to LIBOR Loans, 5.5%.

Bankruptcy Code. Has the meaning ascribed thereto in the recitals to this Agreement.

Bankruptcy Court. Has the meaning ascribed thereto in the recitals to this Agreement.

Bankruptcy Rules. The Federal Rules of Bankruptcy Procedure, as the same may from time to time be in effect and applicable to the Chapter 11 Case.

Base Rate. The rate of interest announced from time to time by Bank of America, N.A., at its head office as its “Base Rate” or “Prime Rate”, as determined by the Lender on a monthly basis on the first Business Day of each month, or if such rate cannot be determined by the Lender, the amount from time to time determined by the Lender on a monthly basis (which determination shall be conclusive absent manifest error), by reference on the first Business Day of each month to the rate identified as the “prime rate” in the Wall Street Journal, or other daily business publication reasonably selected by the Lender in its sole discretion (which determination, in each case, shall be conclusive absent manifest error).

Base Rate Loan. Any Loan bearing interest determined with reference to the Base Rate.

Borrower(s). Has the meaning ascribed thereto in the recitals to this Agreement.

Borrowers’ Accountants. Tanner LC or such other independent certified public accountants as are selected by the Borrowers and reasonably acceptable to the Lender.

Business Day. Any day of the year on which national banking institutions in New York City or Wilmington, Delaware are open to the public for conducting business and are not required or authorized to close.

Capital Expenditures. Without duplication, any expenditure by any Borrower or any of its Subsidiaries for fixed or capital assets, leasehold improvements, capital leases, installment purchases of machinery and equipment, acquisitions of real estate and other similar expenditures including (i) in the case of a purchase, the entire purchase price, whether or not paid during the fiscal period in question, (ii) in the case of a capital lease, the capitalized amount (as determined under GAAP) of the obligations under such lease to pay rent and other amounts, and (iii) expenditures in any construction in progress account of the Borrower.

Cash means United States currency.

Cash Collateral. Has the meaning ascribed thereto in Section 363 of the Bankruptcy Code.

Cash Collateral Account. A deposit account or securities account in the name of any Borrower pursuant to which (i) in the case of a deposit account, the applicable depository bank agrees to comply with instructions from the Lender directing the disposition or transfer of funds from time to time credited to such deposit account, without further consent of or direction from the applicable Borrower or any other Person, and (ii) in the case of a securities account, the applicable securities intermediary agrees to comply with entitlement orders originated by the Lender, and all other requests or instructions from the Lender regarding disposition, transfer, redemption and/or delivery of securities and other cash and property contained therein, without further consent or direction from Borrower or any other Person, in each case, pursuant to a deposit account control agreement or a securities account control agreement, as the case may be, in form and substance reasonably satisfactory to the Lender.

Change of Control. (a) any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the United States Securities and Exchange Act of 1934, as amended), becomes the beneficial owner (as defined in Rule 13d-3 under such Exchange Act), directly or indirectly, of 50%, or more, of the Voting Stock of Parent, or (b) a majority of the members of the Board of Directors do not constitute Continuing Directors, or (c) any Borrower ceases to own and control, directly or indirectly, 100% of the outstanding capital stock of each of its Subsidiaries, subject only to stock option plans covering up to 10% of the capital stock of any Subsidiaries.

Chapter 11 Case and Chapter 11 Cases. Have the respective meanings ascribed thereto in the recitals to this Agreement.

Closing Date. The first date on which the conditions set forth in Sections 3.1 and 3.2 have been satisfied and any Loans are to be made hereunder.

Code. The Internal Revenue Code of 1986 and the rules and regulations thereunder, collectively, as the same may from time to time be supplemented or amended and remain in effect.

Collateral. All property and interests in property and proceeds thereof (including, without limitation, all Litigation Proceeds) now owned or hereafter acquired by any of the Borrowers or any of the Guarantors in or upon which a Lien is granted or purported to be granted pursuant to any Loan Document or the Orders, but excluding Excluded Property.

Commitment Amount. \$10,000,000 or, at the Lender’s option exercisable by notice to the Borrower before the Closing Date, \$5,000,000.

Commitment Period. The period commencing on the Closing Date and ending on the Termination Date.

Cumulative Specified Litigation Expenses. An amount equal to the sum of all Specified Litigation Expenses.

Default. An Event of Default or any event or condition that, but for the requirement that time elapse or notice be given, or both, would constitute an Event of Default.

DIP Superpriority Claim. Has the meaning ascribed thereto in Section 2.9(b).

Drawdown Date. The Business Day on which any Loan is made.

Environmental Laws. Any and all applicable federal, state and local environmental, health or safety statutes, laws, regulations, rules and ordinances (whether now existing or hereafter enacted or promulgated), and all applicable judicial, administrative and regulatory decrees, judgments and orders, including common law rulings and determinations, relating to injury to, or the protection of, real or personal property or human health or the environment, including, without limitation, all requirements pertaining to reporting, licensing, permitting, investigation, remediation and removal of emissions, discharges, releases or threatened releases of Hazardous Materials into the environment or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such Hazardous Materials.

ERISA. The Employee Retirement Income Security Act of 1974 and the rules and regulations thereunder, collectively, as the same may from time to time be supplemented or amended and remain in effect.

ERISA Affiliate. Any trade or business, whether or not incorporated, that is treated as a single employer with a Borrower under Section 414(b), (c), (m) or (o) of the Code and Section 4001(a)(14) of ERISA.

ERISA Event. (a) Any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC; (b) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (d) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of any Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; (f) the receipt by any Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (g) the receipt by any Borrower or any ERISA Affiliate of any notice concerning the imposition of Withdrawal Liability (as defined in Part I of Subtitle E of Title IV of ERISA) with respect to any Multiemployer Plan or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (h) the occurrence of a “prohibited transaction” with respect to which any Borrower or any of the Subsidiaries is a “disqualified person” (within the meaning of Section 4975 of the Code) or with respect to which any Borrower or any such Subsidiary could otherwise be liable; and (i) any other event or condition with respect to a Plan or Multiemployer Plan that could reasonably be expected to result in liability of any Borrower.

Event of Default. Any event described in Section 7.1.

Excluded Property. All claims and causes of action arising under the Bankruptcy Code and all proceeds arising from or relating thereto, and all Cash or Qualified Investments existing as of the Closing Date and maintained in the Excluded Property Account and any other cash, whenever received by a Borrower, paid by the Purchaser to a Borrower pursuant to the terms of the Purchase Agreement, and including all interest and other earnings thereon.

Final Financing Order. The order of the Bankruptcy Court entered in the Chapter 11 Case of the Borrowers after a final hearing under Bankruptcy Rule 4001(c)(2) or such other procedures as approved by the Bankruptcy Court which order shall be satisfactory in form and substance to the Lender, and from which no appeal or motion to reconsider has been timely filed, or if timely filed, such appeal or motion to reconsider has been dismissed or denied unless the Lender waives such requirement), together with all extensions, modifications and amendments thereto, in form and substance satisfactory to the Lender, which, among other matters but not by way of limitation, authorizes the Borrowers to obtain credit, incur (or guaranty) Indebtedness, grant Liens under this Agreement and the other Loan Documents, as the case may be, and provides for the super priority of the Lender's claims.

Final Sale Order. The order of the Bankruptcy Court entered in the Chapter 11 Case of the Borrowers or such other procedures as approved by the Bankruptcy Court which order shall be satisfactory in form and substance to the Lender, together with all extensions, modifications and amendments thereto, in form and substance satisfactory to the Lender, which, among other matters but not by way of limitation, approves the Sale Transaction and authorizes the Borrower to consummate the Sale Transaction with the Purchaser.

GAAP. Generally accepted accounting principles, consistently applied, consistently applied in accordance with the audited financial statements of Parent or any Borrower, as the case may be.

Guarantees. As applied to any Person (the "guarantor"), all guarantees, endorsements and other contingent or surety obligations with respect to Indebtedness or other obligations of any other Person (the "primary obligor"), whether or not reflected on the consolidated balance sheet of the guarantor, including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or other obligation.

Hazardous Material. Any substance (i) the presence of which requires or may hereafter require notification, investigation, removal or remediation under any Environmental Law; (ii) which is or becomes defined as a "hazardous waste", "hazardous material" or "hazardous substance" or "pollutant" or "contaminant" under any present or future Environmental Law or

amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and any applicable local statutes and the regulations promulgated thereunder; (iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and which is or becomes regulated pursuant to any Environmental Law by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any state of the United States, or any political subdivision thereof; or (iv) without limitation, which contains gasoline, diesel fuel or other petroleum products, asbestos or polychlorinated biphenyls (“PCB’s”).

IBM Litigation. That certain litigation identified as The SCO Group, Inc., vs. International Business Machines Corporation, currently pending as Civil Case No. 2:03CV294DAK in the United States District Court, District of Utah, Central Division, including any appeals therefrom, and any other proceedings ancillary or supplemental thereto of any kind or description, whenever arising, and any claims, Actions or legal proceedings based on the same or substantially similar matters.

Indebtedness. As applied to any Borrowers and its Subsidiaries on a consolidated basis, without duplication, (i) all obligations for borrowed money and other extensions of credit, whether secured or unsecured, absolute or contingent, and whether or not evidenced by bonds, notes, debentures or other similar instruments, (ii) all obligations representing the deferred purchase price of property, other than accounts payable arising in the ordinary course of business, (iii) all obligations secured by any Lien on property owned or acquired by any Borrower or any of its Subsidiaries, whether or not the obligations secured thereby shall have been assumed, (iv) that portion of all obligations arising under leases that is required to be capitalized on the consolidated balance sheet of any Borrower and its Subsidiaries, (v) all Guarantees, (vi) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn) and banker’s acceptances issued for the account of or on behalf of any Borrower and its Subsidiaries, (vii) all obligations that are immediately due and payable out of the proceeds of or production from property now or hereafter owned or acquired by any Borrower or any of its Subsidiaries, (viii) obligations in respect of Interest Rate Contracts, and (ix) all other obligations which, in accordance with GAAP, would be included as a liability on the consolidated balance sheet of any Borrower and its Subsidiaries, but excluding anything in the nature of capital stock, capital surplus and retained earnings.

Interest Period. With respect to each LIBOR Loan, the period commencing on the date of the making or continuation of or conversion to such LIBOR Loan and ending one (1), two (2) or three (3) months thereafter; provided that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which case such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iii) below, end on the last Business Day of a calendar month;

(iii) any Interest Period that would otherwise end after the Maturity Date shall end on the Maturity Date; and

(iv) notwithstanding clause (iii) above, no Interest Period for a LIBOR Loan shall have a duration of less than one month, and if any Interest Period applicable to a LIBOR Loan would be for a shorter period, such Interest Period shall not be available hereunder.

Interest Rate Contracts. Interest rate swap agreements, interest rate collar agreements, options on any of the foregoing and any other agreements or arrangements designed to provide protection against fluctuations in interest rates.

Investment. As applied to any Borrower and its Subsidiaries, the purchase, acquisition or ownership of any share of capital stock, partnership or limited liability company interest, evidence of indebtedness or other equity security of any other Person (including any Subsidiary); any loan, advance or extension of credit to, or contribution to the capital of, any other Person (including any Subsidiary); any real estate held for sale or investment; any securities or commodities futures contracts held; any other investment in any other Person (including any other Borrower or any of its Subsidiaries); and the making of any commitment or the acquisition of any option to make an Investment.

Lender. Has the meaning ascribed to it in the Recitals to this Agreement.

LIBOR Loan. Any Loan bearing interest at a rate determined with reference to the LIBOR Rate.

LIBOR Rate. With respect to any LIBOR Loan for any Interest Period, the London interbank offered rates for U.S. Dollars for a one, two or three-month period corresponding to the applicable Interest Period for such LIBOR Loan, from time to time determined by the Lender (which determination shall be conclusive absent manifest error), by reference to the Wall Street Journal two (2) Business Days prior to the first day of the applicable Interest Period.

License Agreement. That certain revenue sharing agreement, technology cross license, and mutual distribution agreement and/or OEM agreement between Me Inc. and Purchaser (as defined in the Purchase Agreement) in the form attached as Exhibit B to the Purchase Agreement, as the same may be amended, restated or otherwise modified from time to time.

Lien(s). Any interest granted by a Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person that secures payment or performance of any obligation, including, without limitation, any mortgage, pledge, security interest, lien, retained security title of a conditional vendor or other charge or encumbrance of any kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

Litigation Proceeds. Proceeds received in cash or other property, from whatever source, upon (i) the sale, exchange or other disposition of any Specified Litigation; (ii) the settlement or other resolution of any Specified Litigation by the parties thereto, or (iii) by judgment or award by any court or other tribunal exercising jurisdiction in connection with any Specified Litigation.

Loan or Loans. Has the meaning ascribed to it in Section 2.1(a) hereof.

Loan Documents. This Agreement, the Note, the Order and the Security Documents, together with any agreements, instruments or documents now or hereafter executed and delivered pursuant to or in connection with any of the foregoing.

Material Adverse Effect. Means (a) a material adverse change in the business, operations, results of operations, assets, liabilities, or financial condition of any Borrower, (b) a material impairment of any Borrower's ability to perform its obligations under the Loan Documents to which it is a party or of the Lender's ability to enforce the Obligations or realize upon the Collateral or (c) a material impairment of the validity, enforceability, attachment, perfection or priority of Lender's Liens with respect to the Collateral, provided, that the following shall not be taken into account in determining whether there has been a Material Adverse Effect: (i) the commencement of the Chapter 11 Cases; and (ii) any effect, change, event, circumstance or condition arising out of or attributable to (1) general economic conditions not solely related to any Borrower or (2) affecting the securities or credit markets not solely related to any Borrower.

Maturity Date. October 31, 2009.

Multiemployer Plan. Any plan which is a Multiemployer Plan as defined in Section 4001(a)(3) of ERISA.

Note Record. An internal record, including a computer record, maintained by the Lender with respect to the outstanding principal and interest balance of the Loans.

Novell Litigation. That certain litigation identified as The SCO Group, Inc., vs. Novell, Inc., currently pending as Civil Case No. 2:04CV00139 in the United States District Court, District of Utah, Central Division, and including any appeals therefrom, and any other proceedings ancillary or supplemental thereto of any kind or description, whenever arising, and any claims, Actions or legal proceedings based on the same or substantially similar matters. .

Note. See Section 2.2 hereof.

Notice of Borrowing. The notice, substantially in the form of Exhibit B hereto, to be given by the Borrowers to the Lender to request a Loan.

Obligations. The aggregate outstanding principal balance of and interest (and premium, if any) on the Loans (including, without limitation, interest accruing at the then applicable rate provided herein after the maturity of the Loans and interest accruing at the then applicable rate provided herein after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Borrower, whether or not a claim

for post-filing or post-petition interest is allowed in such proceeding) and all other obligations of any Borrower to the Lender of every kind and description pursuant to or in connection with the Loan Documents, direct or indirect, absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising, regardless of how they arise or by what agreement or instrument, if any, in each case whether on account of principal, interest, premium, fees, indemnities, costs, expenses or otherwise (including without limitation, all fees and disbursements of counsel that are required to be paid by any Borrower pursuant to any of the Loan Documents), and including obligations to perform acts and refrain from taking action as well as obligations to pay money.

Order. As applicable and as the context may require, either (a) the Final Financing Order, or (b) any order by a court of competent jurisdiction asserting jurisdiction over any Specified Litigation.

PBGC. The Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

Pension Plan. Any Plan which is an “employee pension benefit plan” (as defined in ERISA).

Permitted Liens. See Section 6.3.

Person. Any individual, corporation, partnership, limited liability company, trust, unincorporated association, business or other legal entity, and any government or governmental agency or political subdivision thereof.

Petition Date. September 14, 2007, the date of the commencement of the Chapter 11 Cases with respect to the Borrowers.

Plan. Any “employee pension benefit plan” or “employee welfare benefit plan” (each as defined in Section 3 of ERISA) maintained by any Borrower or any of its Subsidiary.

Post-Petition. The time period beginning immediately upon the filing of the applicable Chapter 11 Case.

Proceeds. All proceeds of and all other profits, rentals and receipts, in whatever form, received or arising from any Collateral, including: whatever is received or acquired upon the sale, lease, exchange, assignment, licensing or other disposition of any Collateral; whatever is received, collected on or distributed on account of any Collateral; all rights arising out of any Collateral; all claims arising out of, and any insurance payable by reason of, the loss, nonconformity, interference with the use of, defects or infringement of rights in, or damage to or destruction of, any Collateral; any unearned premiums with respect to policies of insurance in respect of any Collateral; any condemnation or requisition payments with respect to any Collateral; all proceeds, judgments and collections resulting from any litigation, arbitration, mediation or other legal proceeding, including without limitation, the Specified Litigation, and any other cash or property received by any Borrower in connection therewith, including without

limitation any settlement thereof; and all other property constituting “proceeds” as such term is defined in the UCC; in each case whether now existing or hereafter arising, but in each case excluding, nevertheless, all of the legal and other professional fees and expenses payable by the Borrower in connection with the generation of such Proceeds, including without limitation, all legal contingency fees and expenses so payable. Proceeds shall exclude any Excluded Property.

Prohibited Transaction. Any “prohibited transaction” within the meaning of Section 406 of ERISA or Section 4975 of the Code.

Purchase Agreement. The Asset Purchase Agreement, dated as of November __, 2007, between the Borrowers and the Purchaser, as the same may be amended, restated or otherwise modified from time to time, with the prior written consent of the parties thereto and the Lender.

Purchaser. York Capital Management, or its designee, assignee or nominee.

Qualified Investments. As applied to any Borrower and its Subsidiaries, Investments in (i) notes, bonds or other obligations of the United States of America or any agency thereof that as to principal and interest constitute direct obligations of or are guaranteed by the United States of America and that have maturity dates not more than one year from the date of acquisition, (ii) certificates of deposit, demand deposit accounts or other deposit instruments or accounts maintained in the ordinary course of business with banks or trust companies organized under the laws of the United States or any state thereof that have capital and surplus of at least \$500,000,000 which certificates of deposit and other deposit instruments, if not payable on demand, have maturities of not more than 180 days from the date of acquisition, (iii) commercial paper that, as of the date of acquisition, has the highest credit rating obtainable from Moody’s Investors Service, Inc. or Standard & Poor’s Corporation or their successors, and in each case maturing not more than 270 days from the date of acquisition, and (iv) any repurchase agreement secured by any one or more of the foregoing.

Responsible Officer. With respect to any Borrower, the chief financial officer of such Borrower and any other officer of such Borrower designated by the chief financial officer to sign Notices of Borrowing.

Restricted Payment. Any dividend, distribution, loan, advance, guaranty, extension of credit or other payment (whether in cash, securities or other property) to or for the benefit of any Person who holds an equity interest in any Borrower or any of its Subsidiaries, whether or not such interest is evidenced by a security, and any other payment, whether in cash, securities or other property, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any capital stock of any Borrower or any of its Subsidiaries, whether now or hereafter outstanding, or of any options, warrants or similar rights to purchase such capital stock or any security convertible into or exchangeable for such capital stock.

Sale Transaction. The purchase and sale transaction which is the subject matter of the Purchase Agreement.

Security Agreement. The Security Agreement, dated as of even date herewith, by the Borrowers and the Guarantors, in favor of the Lender, as the same may be amended, restated or otherwise modified from time to time.

Security Documents. The Security Agreement and a collateral assignments of patents and trademarks, each in favor of the Lender to secure Obligations and dated the Closing Date, in each case as amended and/or restated and in effect from time to time, and any additional documents evidencing or perfecting the Lender's lien on the Collateral.

Specified Litigation. Shall mean the IBM Litigation and the Novell Litigation and all appellate, supplemental and/or collection proceedings related thereto.

Specified Litigation Expenses. Legal fees and expenses, together with expert witness fees, costs of investigation, travel, meal and lodging expenses, telephone calls, court costs, arbitration and mediation fees, computer assisted research costs, postage, word processing costs, copying and courier expenses, bonds and bonding requirements, computer forensic and data recovery fees, jury and trial consulting and jury research fees, mock trial and focus group expenses, post-trial interview costs actually invoiced (in form and substance acceptable to the Lender) and due and payable by the Borrowers for services rendered to the Borrowers after the Closing Date, which fees and expenses are not, in whole or in part, subject to any offset, counterclaim, adjustment, credit or other allowance, and are within sixty (60) days of the due date thereof; and any and all other amounts that are necessary or desirable, in Borrower's reasonable judgment, to be paid in order to continue to maintain, prosecute or advance the Specified Litigation in any forum or proceeding, including payments for appellate and stay bonds (or security therefor) and similar payments or obligations.

Subsidiary. With respect to any Person, any corporation, association, joint stock company, business trust, partnership, limited liability company or other similar organization of which 50% or more of the ordinary voting power for the election of a majority of the members of the board of directors or other governing body of such entity is held or controlled by such Person or a Subsidiary of such Person; or any other such organization the management of which is directly or indirectly controlled by such Person or a Subsidiary of such Person through the exercise of voting power or otherwise; or any joint venture, whether incorporated or not, in which such Person has a 50% or greater ownership interest. Cattleback Intellectual Property Holdings, Inc. is not a Subsidiary.

Termination Date. The earlier of (i) the Maturity Date or (ii) the date on which an Event of Default occurs.

Total Outstandings. At any time, the sum of the aggregate outstanding principal balance of the Loans at the time.

Type. A LIBOR Loan or a Base Rate Loan.

1.2 Rules of Interpretation.

(a) All terms of an accounting or financial character used herein but not defined herein shall have the meanings assigned thereto by GAAP, as in effect from time to time.

(b) Except as otherwise specifically provided herein, reference to any document or agreement shall include such document or agreement as amended, modified or supplemented and in effect from time to time in accordance with its terms and the terms of this Agreement.

(c) The singular includes the plural and the plural includes the singular. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(d) A reference to any Person includes its permitted successors and permitted assigns.

(e) The words “include”, “includes” and “including” are not limiting.

(f) The words “herein”, “hereof”, “hereunder” and words of like import shall refer to this Agreement as a whole and not to any particular section or subdivision of this Agreement.

(g) All terms not specifically defined herein or by GAAP that are defined in the Uniform Commercial Code as in effect in the State of New York, shall have the meanings assigned to them in such Uniform Commercial Code.

SECTION II

LOANS

2.1 Loans.

(a) Upon the terms and subject to the conditions of this Agreement, and in reliance upon the representations, warranties and covenants of the Borrowers herein, so long as no Event of Default then exists, the Lender agrees to make revolving loans (each a “Loan”, and collectively, the “Loans”) to the Borrowers at the Borrowers’ request from time to time during the Commitment Period, provided that, unless otherwise agreed to by the Lender in its sole and absolute discretion, the Total Outstandings (after giving effect to all requested Loans) shall not at any time exceed the lesser of (i) Cumulative Specified Litigation Expenses and (ii) the Commitment Amount; provided, that in each case, the Borrowers and Guarantors have used the amount of all Cash otherwise available to them (other than any restricted Cash, which will be excluded from this provision) in excess of the amount (not to exceed \$5 million) that the Borrower reasonably determines to be necessary for Borrower’s continued operations in the Ordinary Course of Business prior to the making of any request for a Loan. Subject to the terms and conditions of this Agreement, the Borrowers may borrow, repay, prepay and reborrow amounts, up to the limits imposed by this Section 2.1, from time to time between the Closing

Date and the Termination Date upon request given to the Lender pursuant to Sections 2.3 and 2.6. Each request for a Loan hereunder shall constitute a representation and warranty by the Borrowers that the conditions set forth in Sections 3.1 and 3.2 have been satisfied as of the date of such request.

(b) The commitment of the Lender to make Loans hereunder shall automatically terminate at 5:00 p.m., New York time, on the Maturity Date.

2.2 The Note. The Loans shall be evidenced by a single promissory note payable to the Lender in a principal amount equal to the Commitment Amount, in substantially the form of Exhibit A hereto, dated as of the Closing Date (the “Note”). The Borrowers irrevocably authorize the Lender to make or cause to be made, at or about the time of the Drawdown Date of any Loan or at the time of receipt of any payment of principal on the Note, an appropriate notation on its Note Record reflecting (as the case may be) the making of such Loan or the receipt of such payment. The outstanding amount of the Loans set forth on the Note Records shall be prima facie evidence of the principal amount thereof owing and unpaid to the Lender, but the failure to record, or any error in so recording, any such amount on the Lender’s Note Record shall not limit or otherwise affect the obligations of the Borrowers hereunder or under the Note to make payments of principal of or interest on the Note when due.

2.3 Notice and Manner of Borrowing.

(a) Whenever the Borrowers desire to obtain a Loan hereunder, the Borrowers shall provide the Lender with (i) copies of the invoices (together with back-up for any expenses) for Specified Litigation Expenses to be paid with proceeds of such Loan, (ii) a Borrowing Base Report in accordance with Section 5.1(c), below, and (iii) a written Notice of Borrowing, in each case no later than 12:00 p.m. New York time on the date three Business Days before the day on which the requested Loan is to be made. Each Notice of Borrowing shall specify the effective date and amount of each Loan requested and shall direct that proceeds of such Loan be sent (on the requested Drawdown Date) directly to the provider of the applicable legal services which gave rise to the Specified Litigation Expenses (or other party to whom a Specified Litigation Expenses payment is due) pursuant to wire instructions set forth therein. The Borrowers shall not submit, and the Lender shall not be obligated to accept, more than one (1) Notice of Borrowing during any thirty (30) day period.

2.4 Interest Rates and Payments of Interest.

(a) Each Loan which is a Base Rate Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the Base Rate plus the Applicable Margin, which rate shall change contemporaneously with any change in the Base Rate. Each Loan which is a LIBOR Loan shall bear interest on the outstanding principal amount thereof, for each Interest Period applicable thereto, at a rate per annum equal to the LIBOR Rate plus the Applicable Margin. Interest accruing on the Loans shall be payable monthly in arrears on the first Business Day of each month.

(b) Notwithstanding the rates of interest specified in clause (a) above or elsewhere in any Loan Document, effective immediately upon (i) the occurrence of any Event of Default specified in Section 7.1(a) or (ii) the delivery of a notice by the Lender to the Borrowers during the continuance of any other Event of Default and, in each case, for as long as such Event of Default shall be continuing, and without further notice, motion or application to, hearing before, or order from the Bankruptcy Court, the principal balance of all Obligations (including any Obligation that bears interest by reference to the rate applicable to any other Obligation) then due and payable, shall bear interest at a rate that is 2% per annum in excess of the interest rate applicable to such Obligations from time to time, payable on demand or, in the absence of demand, on the date that would otherwise be applicable.

(c) The Lender shall elect the Type of each Loan, and notify the Borrowers of such election, on or before the related Drawdown Date. In the event the Lender shall elect that any Loan shall be made as a LIBOR Loan, the Borrowers shall select the Interest Period applicable thereto by written notice to the Lender on or before the related Drawdown Date and in the absence of such notice the Borrowers shall be deemed to have selected an Interest Period of three months.

(d) Whenever the Lender desires to convert an outstanding Loan of one Type into a Loan of another Type, which in the case of the conversion of any LIBOR Loan shall take effect only on the last day of the Interest Period then applicable thereto, the Lender shall notify the Borrower thereof in writing not later than one Business Day before the day on which such conversion shall occur.

(e) All agreements between the Borrowers and the Lender are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the Obligations or otherwise, shall the amount paid or agreed to be paid to the Lender for the use or the forbearance of the Obligations exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law of State of New York in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then the Loan Documents shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Borrowers and the Lender in the execution, delivery and acceptance of the Loan Documents to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision of any of the Loan Documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever the Lender should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance of the Obligations and not to the payment of interest. This provision shall control every other provision of all Loan Documents.

2.5 Fees.

(a) Without limiting any of the Lender's other rights hereunder or by law, if any Loan or any portion thereof or any interest thereon or any other amount payable hereunder or under any other Loan Document is not paid within ten (10) days after its due date, the Borrowers shall pay to the Lender on demand a late payment charge equal to 5% of the amount of the payment due.

(b) The Borrowers authorizes the Lender to charge to its Note Record with any interest, fees, charges, taxes and expenses provided for in this Agreement, the other Loan Documents or any other document executed or delivered in connection herewith or therewith.

2.6 Payments; Prepayments of the Loans.

(a) On the Termination Date the Borrowers shall pay in full the unpaid principal of all outstanding Loans, together with all unpaid interest thereon and all fees and other amounts due with respect thereto.

(b) Subject to subsection (d) of this Section 2.6, Loans may be prepaid and reborrowed at the option and election of the Borrowers at any time upon one (1) Business Day's notice by Borrowers to Lender, and this shall constitute a revolving credit facility available until the Termination Date.

(c) If at any time the Total Outstandings exceed the lesser of (i) Cumulative Specified Litigation Expenses and (ii) the Commitment Amount, the Borrowers shall immediately pay the amount of any such excess to the Lender for application to the Loans.

(d) Upon receipt on or after the Closing Date by any Borrower of any Proceeds of Collateral, such Borrower shall immediately pay or cause to be paid to the Lender an amount equal to 100% of such Proceeds to satisfy any outstanding Obligations. If such Proceeds of Collateral are received in respect of the final disposition (including settlement) of the IBM Litigation or the Novell Litigation, then the amount of the Total Commitment shall be reduced to the extent of such Proceeds so received by the Borrower.

2.7 Method and Allocation of Payments.

(a) All payments by any Borrower hereunder and under any of the other Loan Documents shall be made in lawful money of the United States in immediately available funds, and shall be deemed to have been made only when made in compliance with this Section. All such payments shall be made without set-off or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless such Borrower is compelled by law to make such deduction or withholding. If any such obligation is imposed upon such Borrower with respect to any amount payable by it hereunder or under any of the other Loan Documents, the Borrowers will pay to the Lender such additional amount in U.S. Dollars as shall be necessary to enable the Lender to receive the same net amount which the Lender would have received on such due date had no such obligation been imposed

upon such Borrower. The Borrowers will deliver promptly to the Lender certificates or other valid vouchers or other evidence of payment reasonably satisfactory to the Lender for all taxes or other charges deducted from or paid with respect to payments made by any Borrower hereunder or under such other Loan Document. The Lender may, and the Borrowers hereby authorizes the Lender to, debit the amount of any payment not made by such time to its Note Record.

(b) All payments of principal of and interest in respect of Loans shall be made to the Lender, at c/o York Capital Management, 767 Fifth Avenue, 17th Floor, New York, New York 10153, or at such other location as the Lender may from time to time designate in writing.

(c) If the Obligations shall have been declared immediately due and payable pursuant to Section 7.2, all funds received from or on behalf of the Borrowers (including as proceeds of Collateral) by the Lender shall be applied in the following manner and order: (i) first, to the payment of any fees payable hereunder; (ii) second, to the payment of interest due on the Loans; (iii) third, to the payment of the outstanding principal balance of the Loans; and (iv) fourth, to the payment of any other Obligations payable by the Borrowers.

2.8 Computation of Interest and Fees; Due Date. Interest and all fees payable hereunder shall be computed daily on the basis of a year of 360 days and paid for the actual number of days for which due. If the due date for any payment of principal is extended by operation of law, interest shall be payable for such extended time. If any payment required by this Agreement becomes due on a day that is not a Business Day such payment may be made on the next succeeding Business Day, and such extension shall be included in computing interest and fees in connection with such payment.

2.9 Super Priority Nature of Obligations and Lender's Liens.

(a) The priority of Lender's Liens on the Collateral of the Borrowers shall be set forth in the Final Financing Order. [The Lender's Liens and DIP Superpriority Claim shall be subject and subordinate to a carve out in favor, and allowing for payment of the Borrower's professional administrative expenses, as to be mutually agreed].

(b) All Obligations shall constitute administrative expenses of Borrowers in the Chapter 11 Cases, with administrative priority and senior secured status under Sections 364(c) and 364(d) of the Bankruptcy Code (the "DIP Superpriority Claim"). Such administrative claim shall have priority over all other costs, claims and expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), 1113, 1114 or any other provision of the Bankruptcy Code or otherwise and shall at all times be senior to the rights of Borrowers, Borrowers' estates and any successor trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code. The Liens granted to the Lender on the Collateral, and the priorities accorded to the Obligations shall have the priority and senior secured status afforded by Section 364(c) and Section 364(d)(1) of the Bankruptcy Code (all as more fully set forth in the Final Financing Order) senior to all claims and interests.

2.10 Payment of Obligations. Upon the Termination Date, the Lender shall be entitled to immediate indefeasible payment in full in cash of such Obligations without further application to or order of the Bankruptcy Court. Any Proceeds of the Specified Litigation in amounts in excess of amounts to be paid by the Borrowers to the Lender and applied to the Obligations pursuant to Section 2.6(d) and Section 2.6(e) shall be remitted by the Borrowers and be deposited into the Cash Collateral Account. Prior to an Event of Default, the Borrowers shall be permitted to access the Cash Collateral Account for payment of Specified Litigation Expenses and any other working capital or other purposes in the Ordinary Course of Business. The Lender agrees that it shall not issue any instructions exercising dominion over the Cash Collateral Account except following the occurrence and during the continuance of an Event of Default.

2.11 No Discharge; Survival of Claims. Borrowers agree that (a) the Obligations hereunder shall not be discharged by the entry of an order confirming a plan of reorganization, compromise or arrangement in any of the Chapter 11 Cases (notwithstanding the provisions of Section 1141(d)(4) of the Bankruptcy Code), unless such plan of reorganization is acceptable to the Lender in its reasonable discretion and provides for the assumption, on terms and conditions acceptable to the Lender in its reasonable discretion, of the Obligations of the Borrowers under the Loan Documents by the successor-in-interest to the Borrowers and (b) (i) the superpriority administrative claim granted to the Lender pursuant to the Final Financing Order and described in Section 2.9 and the Liens granted to the Lender pursuant to the Final Financing Order and described in Section 2.9 shall not be affected in any manner by the entry of an order confirming a plan of reorganization in any Chapter 11 Case.

2.12 Waiver of any Priming Rights. Upon the Closing Date, and on behalf of themselves and their estates, and for so long as any Obligations shall be outstanding, each Borrower hereby irrevocably waives any right (whether pursuant to Sections 364(c) or 364(d) of the Bankruptcy Code or otherwise) and agrees not to apply to the Bankruptcy Court seeking any right to grant or to confer any Lien of equal or greater priority than the Liens securing the Obligations.

2.13 Joint and Several Liability of Borrowers.

(a) Each Borrower is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by Lender under this Agreement, for the mutual benefit, directly and indirectly, of each Borrower and in consideration of the undertakings of the other Borrower to accept joint and several liability for the Obligations.

(b) Each Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including, without limitation, any Obligations arising under this Section 2.14), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each Borrower without preferences or distinction among them.

(c) If and to the extent that any Borrower shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event each other Borrower will make such payment with respect to, or perform, such Obligation.

(d) The Obligations of each Borrower under the provisions of this Section 2.14 constitute the absolute and unconditional, full recourse Obligations of each Borrower enforceable against each such Borrower to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided in this Agreement, each Borrower hereby waives notice of acceptance of its joint and several liability, any Notice of Borrowing issued under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by Lender under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement). Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Lender at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by Lender in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of the Lender with respect to the failure by any Borrower to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.13 afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 2.13, it being the intention of each Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of each Borrower under this Section 2.13 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Borrower under this Section 2.13 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any Borrower or Lender. The joint and several liability of the Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, constitution or place of formation of any Borrower or Lender.

(f) Each Borrower represents and warrants to the Lender that such Borrower is currently informed of the financial condition of each other Borrower and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Borrower further represents and warrants to Lender that such Borrower has read and understands the terms and conditions of the Loan Documents. Each Borrower hereby covenants that such Borrower will continue to keep informed of each Borrowers' financial condition, the financial condition of other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(g) Each Borrower waives all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Lender's rights of subrogation and reimbursement against such Borrower.

(h) The provisions of this Section 2.13 are made for the benefit of the Lender, and its successors and assigns, and may be enforced by the Lender or its successors and assigns from time to time against any or all of the Borrowers as often as occasion therefor may arise and without requirement on the part of the Lender, first to marshal any of its claims or to exercise any of its rights against any other Borrower or to exhaust any remedies available to it against any other Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.13 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy or reorganization of any Borrower, or otherwise, the provisions of this Section 2.13 will forthwith be reinstated in effect, as though such payment had not been made.

(i) Each Borrower hereby agrees that it will not enforce any of its rights of contribution or subrogation against any other Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to the Lender with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Lender hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(j) Each Borrower hereby agrees that, after the occurrence and during the continuance of any Default or Event of Default, the payment of any amounts due with respect to any Indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior payment in full in cash of the Obligations. Each Borrower hereby agrees that after the occurrence and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any Indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such Indebtedness, such amounts shall be collected, enforced and received by such Borrower as trustee for the Lender, and such Borrower shall deliver any such amounts to the Lender for application to the Obligations in accordance with Section 2.7.

2.14 Loan to Survive Bankruptcy of Borrower. The parties hereto expressly acknowledge and agree that the Loan and all of the Liens, rights, and obligations of the parties as provided for herein and in any of the other Loan Documents, are intended to and shall expressly survive and remain enforceable after the consummation of a Plan of Reorganization of Borrower and/or the dismissal or conversion of the Chapter 11 Cases.

SECTION III

CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Loans. This Agreement shall take effect upon, and the obligation of the Lender to make any Loans hereunder are subject to, the satisfaction of the following conditions precedent:

(a) The Lender shall have received the following agreements, documents, certificates and opinions in form and substance satisfactory to the Lender and duly executed and delivered by the parties thereto:

- (i) this Agreement;
- (ii) the Note;
- (iii) the Security Documents;
- (iv) the License Agreement;
- (v) the Purchase Agreement;

(vi) a certificate of the Secretary or an Assistant Secretary of each Borrower with respect to resolutions of the Board of Directors authorizing the execution and delivery of the Loan Documents and identifying the officer(s) authorized to execute, deliver and take all other actions required under this Agreement, and providing specimen signatures of such officers;

(vii) the Certificate of Incorporation of each Borrower and all amendments and supplements thereto, as filed in the office of the Secretary of State of its jurisdiction of incorporation, certified by said Secretary of State as being a true and correct copy thereof;

(viii) the Bylaws of each Borrower and all amendments and supplements thereto, certified by the Secretary or an Assistant Secretary of each such Borrower as being a true and correct copy thereof;

(ix) a certificate of the Secretary of State of each Borrower's jurisdiction of incorporation as to legal existence and good standing of each such Borrower in such state;

(x) a certificate of the chief financial officer of each Borrower as to the accuracy of each such Borrower's representations and warranties and such other matters as the Lender may request; and

(xi) such other documents, instruments, opinions and certificates and completion of such other matters, as the Lender may reasonably deem necessary or appropriate.

(b) Litigation. Other than in connection with Chapter 11 Cases and the Specified Litigation, no litigation, arbitration, proceeding or investigation shall be pending or threatened which questions the validity or legality of the transactions contemplated by any Loan Document or seeks a restraining order, injunction or damages in connection therewith, or which, in the reasonable judgment of the Lender, might adversely affect the transactions contemplated hereby or, other than the Specified Litigation, might have a materially adverse affect on the assets, business or financial condition of the Borrowers or the Lender.

(c) Recordings. All necessary filings and recordings against the Collateral shall have been completed and the Lender's liens on the Collateral shall have been perfected, as contemplated by the Security Documents.

(d) Notice of Borrowing. A Notice of Borrowing, if any, as of the Closing Date.

(e) Final Financing Order. Entry by the Bankruptcy Court of the Final Financing Order, by no later than the date that is 30 days after the date hereof, in form and substance satisfactory to Lender, among other things, (u) approving the transactions contemplated hereby, (v) granting a first priority perfected security interest in the Collateral, and (w) granting the Liens referenced in clause (v) above, and (x) modifying the automatic stay to permit the creation and perfection of Lender's Liens.

(f) Consents. Each Borrower shall have received all consents and authorizations required pursuant to any material contracts with any other Person and shall have obtained all permits of, and effected all notices to and filings with, any governmental authority,

in each case, as may be necessary in connection with the consummation of the transactions contemplated in any Loan Document.

(g) Fee and Expenses. There shall have been paid to the Lender all fees and all reimbursements of costs or expenses (including attorneys fees and expenses), in each case due and payable under any Loan Document. The Lender's interest in the Proceeds of the Specified Litigation, as provided for in the Purchase Agreement, shall be a valid and enforceable obligation of the Borrowers.

(h) Sale Transaction. (i) The Bankruptcy Court shall have entered the Final Sale Order, (ii) the Final Sale Order shall not have been vacated, stayed, reversed, modified or amended without Lender's consent or shall otherwise be in full force and effect, (iii) a motion for reconsideration of any such order shall not have been timely filed, or (iv) an appeal of any such order shall not have been timely filed and such order in any respect shall not be the subject of a stay pending appeal, and (v) the Sale Transaction shall have been consummated strictly in accordance with the terms of the Purchase Agreement and Final Sale Order, and documents executed or delivered in connection therewith, without any waiver or amendment not consented to by the Lender of any term, provision or condition set forth therein.

3.2 Conditions Precedent to all Loans. The obligation of the Lender to make any Loans, including the initial Loan is further subject to the following conditions:

(a) receipt by the Lender of a Notice of Borrowing with respect to such Loan and all related documents required pursuant to Section 2.3;

(b) the outstanding Loans do not and, after giving effect to any requested Loan, will not exceed the limitations set forth in Sections 2.1;

(c) the representations and warranties contained in Section IV shall be true and accurate in all material respects on and as of the date of such Notice of Borrowing and on the effective date of the making of such Loan as though made at and as of each such date (except to the extent that such representations and warranties expressly relate to an earlier date);

(d) no Default or Event of Default shall have occurred and be continuing at the time of, and immediately after the making of, such requested Loan;

(e) the resolutions referred to in Section 3.1 shall remain in full force and effect;

(f) the Loan requested shall not cause the aggregate outstanding amount of the Loans to exceed the amount then authorized by the applicable Order, as the case may be, or any order modifying, reversing, staying or vacating such order shall have been entered, or any appeal of such order shall have been timely filed;

(g) (i) the Bankruptcy Court shall have entered the Final Financing Order on or before the date that is 30 days after the date hereof, (ii) the Bankruptcy Court shall have

entered the Final Financing Order, (iii) the Final Financing Order shall not have been vacated, stayed, reversed, modified or amended without Lender's consent or shall otherwise be in full force and effect, (iv) a motion for reconsideration of any such order shall not have been timely filed or (v) an appeal of any such order shall not have been timely filed and such order in any respect shall not be the subject of a stay pending appeal;

(h) no change shall have occurred in any law or regulation or interpretation thereof that, in the opinion of counsel for any Lender, would make it illegal or against the policy of any governmental agency or authority for the Lender to make Loans hereunder;

(i) there shall have been paid to the Lender all fees and all reimbursements of costs or expenses (including attorneys fees and expenses), in each case due and payable under any Loan Document;

The making of each Loan shall be deemed to be a representation and warranty by each Borrower on the date of the making, continuation or conversion of such Loan as to the accuracy of the facts referred to in subsection (c) of this Section 3.2 and of the satisfaction of all of the conditions set forth in this Section 3.2.

SECTION IV

REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to make Loans, each Borrower and Guarantor, as to itself, represents and warrants to the Lender that except as set forth in the disclosure schedules attached to the Purchase Agreement or on Exhibit C attached hereto:

4.1 Purchase Agreement. No Borrower is in default in the performance or compliance with any provisions of the Purchase Agreement. After giving effect to the Sale Order and the Bankruptcy Court Order approving this Agreement, all requisite approvals by governmental authorities having jurisdiction over any Seller (as defined in the Purchase Agreement), any Borrower and any other Persons referenced therein, with respect to the transactions contemplated by the Purchase Agreement, have been obtained, and no such approvals impose any conditions to the consummation of the transactions contemplated by the Purchase Agreement or to the conduct by any Borrower of its business thereafter. Each of the representations and warranties given by any Seller in the Purchase Agreement is true and correct in all material respects. Notwithstanding anything contained in the Purchase Agreement to the contrary, such representations and warranties are incorporated into this Agreement by this Section 4.1 and solely for purposes of this Agreement and the benefit of the Lender, shall survive the transactions contemplated by the Purchase Agreement; provided that for purposes of Section 3.2(c) and Section 7.1(d) of this Agreement, no actual or claimed inaccuracy or breach in any such representations or warranties (read without giving effect to any "knowledge" or "material" qualifiers provided for in such Sections of this Agreement) shall have any force or effect as a Default or an Event of Default hereunder unless the inaccuracy or breach creates or is

reasonably likely to create a Material Adverse Effect (notwithstanding that the “materiality” qualifiers in the underlying representations and warranties are ignored, so that no “double materiality” standard is created.

4.2 No Material Adverse Effect. There has not been a Material Adverse Effect with respect to any Borrower or any Guarantor since the date of the latest financial statements submitted to the Lender on or before the Closing Date.

4.3 Reorganization Matters.

(a) The Chapter 11 Cases were commenced on the Petition Date in accordance with applicable law and proper notice thereof and the proper notice for (y) the motion seeking approval of the Loan Documents and the Final Financing Order, and (z) the hearing for the approval of the Final Financing Order has been or will be given. The Borrowers shall give, on a timely basis as specified in the Final Financing Order, all notices required to be given to all parties specified in the Final Financing Order.

(b) After the entry of the Final Financing Order, and pursuant to and to the extent permitted in the Final Financing Order, the Obligations will constitute allowed administrative expense claims in the Chapter 11 Cases having priority over all administrative expense claims and unsecured claims against the Borrowers now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expense claims of the kind specified in Sections 105, 326, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 726 (to the extent permitted by law), 1113, 1114 or any other provision of the Bankruptcy Code or otherwise, as provided under Section 364(c)(1) of the Bankruptcy Code, as (and subject to the limitations) set forth in Section 2.9.

(c) After the entry of the Final Financing Order and pursuant to and to the extent provided in the Final Financing Order, the Obligations will be secured by a valid and perfected first priority Lien on all of the Collateral, as set forth in Section 2.9.

(d) The Final Financing Order (with respect to the period on and after entry of the Final Financing Order), is in full force and effect has not been reversed, stayed, modified or amended.

(e) Notwithstanding the provisions of Section 362 of the Bankruptcy Code, and subject to the applicable provisions of the Final Financing Order, upon the maturity (whether by acceleration or otherwise) of any of the Obligations, the Lender shall be entitled to immediate payment of such Obligations.

(f) (i) The Bankruptcy Court has entered the Final Sale Order, (ii) the Final Sale Order has not have been vacated, stayed, reversed, modified or amended without Lender’s consent or shall otherwise be in full force and effect, (iii) a motion for reconsideration of any such order has not have been timely filed and (iv) any appeal of any such order has not been timely filed and such order in any respect has not be the subject of a stay pending appeal.

4.4 Corporate Authority; No Conflicts. The execution, delivery and performance of the Loan Documents and the transactions contemplated hereby are within the corporate power and authority of each Borrower and Guarantor and have been authorized by all necessary corporate proceedings, and do not and will not (a) contravene any provision of the charter documents or by-laws of each Borrower and Guarantor or any law, rule or regulation applicable to each Borrower and Guarantor, (b) contravene any provision of, or constitute an event of default or event that, but for the requirement that time elapse or notice be given, or both, would constitute an event of default under, any other agreement, instrument, order or undertaking binding on any Borrower or Guarantor, or (c) result in or require the imposition of any Encumbrance on any of the properties, assets or rights of any Borrower or Guarantor, except in favor of the Lender.

4.5 Valid Obligations. The Loan Documents and all of their respective terms and provisions are the legal, valid and binding obligations of each Borrower and Guarantor, enforceable in accordance with their respective terms except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, and except as the remedy of specific performance or of injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought. The Security Documents have effectively created in favor of the Lender legal, valid and enforceable security interests in the Collateral and such security interests are fully perfected first priority security interests.

4.6 Consents or Approvals. The execution, delivery and performance of the Loan Documents and the transactions contemplated herein do not require any approval or consent of, or filing or registration with, any governmental or other agency or authority, or any other Person (including without limitation any lessor or lessee of any Borrower's or Guarantor's properties), except under or as contemplated by the Security Documents.

4.7 Defaults. As of the date of this Agreement, no Default exists.

4.8 Investment Company Act. No Borrower or Guarantor nor any of their Subsidiaries is subject to regulation under the Investment Company Act of 1940, as amended.

4.9 Margin Rules. No Borrower or Guarantor owns or has any present intention of purchasing or carrying, and no portion of any Loan shall be used for purchasing or carrying, any "margin security" or "margin stock" as such terms are used in Regulations T, U or X of the Board of Governors of the Federal Reserve System.

4.10 Disclosure. No representation or warranty made by any Borrower or Guarantor in any Loan Document and no document or information furnished to the Lender by or on behalf of or at the request of any Borrower or Guarantor in connection with any of the transactions contemplated by the Loan Documents contains any untrue statement of a material fact or (when taken as a whole) omits to state any material fact necessary in order to make the statements contained therein not misleading in light of the circumstances in which they are made.

SECTION V

AFFIRMATIVE COVENANTS

Each Borrower covenants that so long as any Loan or other Obligation remains outstanding or the Lender has any obligation to make Loans hereunder:

5.1 Financial Statements. Such Borrower shall furnish to the Lender:

(a) as soon as available to such Borrower, but in any event within 90 days after the end of each fiscal year, the Borrower's consolidated and consolidating balance sheets as of the end of and related consolidated and consolidating statements of income, retained earnings and cash flow for such year, prepared in accordance with GAAP and audited and certified without qualification as to the scope of review (but subject to a going concern qualification) by the Borrower's Accountants in the case of such consolidated statements, and certified by the chief financial officer of the Borrower in the case of such consolidating statements; and, concurrently with such financial statements, a copy of the Borrower's Accountants management report and a written statement by the Borrower's Accountants that, in the making of the audit necessary for their report and opinion upon such financial statements they have obtained no knowledge of any Default or, if in the opinion of such accountants any such Default exists, they shall disclose in such written statement the nature and status thereof;

(b) at least thirty (30) days prior to the first day of each fiscal year, such Borrower's projections for such fiscal year, prepared on a quarterly basis (and on a monthly basis to the extent prepared by Borrower for internal use or otherwise) and including consolidated balance sheets and statements of income, retained earnings and cash flows;

(c) promptly after the receipt thereof by such Borrower, copies of any reports (including any so-called management letters) submitted to such Borrower by independent public accountants in connection with any annual or interim review of the accounts of each such Borrower made by such accountants;

(d) Accounts Receivable agings and other information in reasonable detail regarding the Accounts as the Lender may reasonably request; and

(e) from time to time, such other data and information about such Borrower or its Subsidiaries as the Lender may reasonably request.

5.2 Conduct of Business. Each Borrower and each of its Subsidiaries shall:

(a) duly observe and comply in all material respects with all material contracts and with all laws, regulations, decrees, orders, judgments and valid requirements of any governmental authorities applicable to its corporate existence, rights and franchises, to the conduct of its business and to its property and assets (including without limitation all Environmental Laws and ERISA), and shall maintain and keep in full force and effect and

comply in all material respects with all licenses and permits necessary to the proper conduct of its business;

(b) maintain its existence.

5.3 Maintenance and Insurance.

(a) Each Borrower and each of its Subsidiaries shall maintain their properties in good repair, working order and condition as required for the normal conduct of their business, subject to wear and tear, maintenance, repair and replacement, in the ordinary course of business.

(b) Each Borrower and each of its Subsidiaries shall at all times maintain liability and casualty insurance on its properties (including all Collateral) with financially sound and reputable insurers in such amounts and with such coverages, endorsements, deductibles and expiration dates as the officers of each such Borrower in the exercise of their reasonable judgment deem to be adequate, and as shall be reasonably satisfactory to the Lender. The Lender shall be named as loss payee, additional insured and/or mortgagee under such insurance as the Lender shall require from time to time, and each Borrower shall provide to the Lender lender's loss payable endorsements in form and substance reasonably satisfactory to the Lender. In addition, the Lender shall be given thirty (30) days advance notice of any cancellation of insurance. In the event of failure to provide and maintain insurance as herein provided, the Lender may, at its option and after notice to the Borrower (to the extent practical in the circumstances), provide such insurance and charge the amount thereof to the Borrowers as a Loan. Each Borrower shall furnish to the Lender certificates or other evidence satisfactory to the Lender of compliance with the foregoing insurance provisions. The Lender shall not, by the fact of approving, disapproving or accepting any such insurance, incur any liability for the form or legal sufficiency of insurance contracts, solvency of insurance companies or payment of law suits, and the Borrowers hereby expressly assumes full responsibility therefor and liability, if any, thereunder. In the event of any insured loss with respect to any Collateral, the insurance proceeds shall be applied to the repair, restoration or replacement of the affected Collateral, with any excess proceeds to be applied to the payment of the Obligations.

5.4 Taxes. Each Borrower shall pay or cause to be paid all taxes, assessments or governmental charges on or against it or any of its Subsidiaries or its or their properties on or prior to the time when they become due; except for any tax, assessment or charge that is being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established and are being maintained in accordance with GAAP if no Lien shall have been filed to secure such tax, assessment or charge.

5.5 Inspection. Each Borrower shall permit the Lender and its designees, at any reasonable time and at reasonable intervals of time, and upon reasonable notice (or if a Default shall have occurred and is continuing, at any time and without prior notice), to (i) visit and inspect the properties of any Borrower and its Subsidiaries, (ii) examine and make copies of and take abstracts from the books and records of any Borrower and its Subsidiaries, and (iii) discuss the affairs, finances and accounts of any Borrower and its Subsidiaries with their appropriate

officers, employees and independent accountants. Without limiting the generality of the foregoing, each Borrower will permit periodic reviews (as determined by the Lender) of the books and records of each Borrower and its Subsidiaries to be carried out at the Borrowers' expense by Lender or its authorized agents. Each Borrower shall also permit the Lender to arrange for verification of Collateral, under reasonable procedures, including directly with any third parties or by other methods.

5.6 Maintenance of Books and Records. Each Borrower and each of its Subsidiaries shall keep adequate books and records of account, in which true and complete entries will be made reflecting all of its business and financial transactions in accordance with GAAP and applicable law. Each Borrower shall at all times keep correct and accurate records itemizing and describing the kind, type, quality and quantity of inventory, the Borrower's cost therefor in accordance with each such Borrower's current procedures as heretofore described by each Borrower to the Lender, and withdrawals therefrom and additions thereto, all of which records shall be updated at least monthly (or more frequently if reasonably requested by the Lender) and shall be available during each such Borrower's usual business hours at the request of any of the Lender's officers, employees or Lenders. Each Borrower shall conduct a physical count of its inventory at least once each year or more often, if deemed prudent by such Borrower, and promptly following such physical inventory count shall supply the Lender with a report in a form and with such specificity as may be reasonably requested in advance by the Lender. Each Borrower shall also conduct a physical inventory count whenever reasonably requested to do so by the Lender.

5.7 Use of Proceeds.

(a) The Borrowers shall use the proceeds of Loans solely to pay Specified Litigation Expenses, to be paid within 60 days of the due date thereof.

(b) Without in any way limiting the provisions of Section 5.7(a) above, no portion of any Loan shall be used for the "purpose of purchasing or carrying" any "margin stock" or "margin security" as such terms are used in Regulations T, U and X of the Board of Governors of the Federal Reserve System, or otherwise in violation of such regulations.

5.8 Further Assurances. At any time and from time to time each Borrower shall, and shall cause each of its Subsidiaries to, execute and deliver such further documents and take such further action as may reasonably be requested by the Lender to effect the purposes of the Loan Documents.

5.9 Notification Requirements. Each Borrower shall provide the Lender with written notice immediately upon the occurrence of any of the following events (other than in connection with the Chapter 11 Cases), which written notice shall state with reasonable particularity the facts and circumstances of the event for which such notice is being given:

(a) upon becoming aware of the existence of any condition or event that constitutes a Default or an Event of Default or the occurrence of an event of default under the

Final Financing Order, the Final Sale Order or the License Agreement, which written notice thereof shall specify the nature and duration thereof and the action being or proposed to be taken with respect thereto;

(b) upon becoming aware of any litigation or of any investigative proceedings by a governmental agency or authority commenced or threatened against any Borrower or any of their Subsidiaries of which they have notice, the outcome of which is reasonably likely to have a materially adverse effect on the assets or business of any Borrower alone or the Borrowers and their Subsidiaries on a consolidated basis, written notice thereof and the action being or proposed to be taken with respect thereto;

(c) upon becoming aware of any material event or occurrence, including the entry into of any settlement or resolution by the parties to any Specified Litigation, or the entry of any judgment or award by any court or tribunal exercising jurisdiction over such Specified Litigation, which could adversely effect the ability of any Borrower to recover a monetary award in connection with such litigation; provided however, that Borrower shall not be required to make such disclosures to the extent that it results in a waiver of the attorney work product doctrine, the attorney-client confidential communication privilege or any similar doctrines or privileges that could adversely affect a Borrower in connection with the Specified Litigation;;

(d) promptly after any occurrence or after becoming aware of any condition affecting any Borrower or any of its Subsidiaries which might constitute a material adverse change in or which might have a Material Adverse Effect on the business, properties or condition of any Borrower alone or the Borrowers and their Subsidiaries written notice thereof.

5.10 ERISA Compliance and Reports.

(a) Each Plan, if any, shall comply in all material respects with ERISA and the Code, except to the extent failure to comply in any instance would not have a material adverse effect on the business, financial condition or operations of any Borrower and its Subsidiaries taken as a whole.

(b) With respect to any Plan, each Borrower shall, or shall cause its ERISA Affiliates to, furnish to the Lender promptly (i) as soon as possible and in any event within 10 days after each such Borrower or any of its ERISA Affiliates knows that any ERISA Event has occurred or is expected to occur, a statement of the chief financial officer of each such Borrower describing such ERISA Event, including copies of any notice concerning such ERISA Event received from the PBGC, a plan administrator, or from a Multiemployer Plan sponsor, and the action, if any, each such Borrower or such ERISA Affiliate proposes to take with respect thereto; and (ii) promptly after filing thereof, a copy of the annual report of each Pension Plan (Form 5500 or comparable form) required to be filed with the IRS and/or the Department of Labor. Promptly after the adoption of any Pension Plan, each such Borrower shall notify the Lender of such adoption.

5.11 Environmental Compliance.

(a) Each Borrower and its Subsidiaries will comply in all material respects with all applicable Environmental Laws in all jurisdictions in which any of them operates now or in the future, and each Borrower and its Subsidiaries will comply in all material respects with all such Environmental Laws that may in the future be applicable to each such Borrower's or any Subsidiary's business, properties and assets.

(b) If any Borrower or any of its Subsidiary shall (i) receive notice that any material violation of any Environmental Law may have been committed or is about to be committed by any Borrower or any of its Subsidiary, (ii) receive notice that any administrative or judicial complaint or order has been filed or is about to be filed against any Borrower or any of its Subsidiary alleging a material violation of any Environmental Law requiring any Borrower or any of its Subsidiary to take any action in connection with the release of Hazardous Materials into the environment, (iii) receive any notice from a federal, state or local government agency or private party alleging that any Borrower or any of its Subsidiary may be liable or responsible for any material amount of costs associated with a response to or cleanup of a release of Hazardous Materials into the environment or any damages caused thereby, (iv) become aware of any investigative proceedings by a governmental agency or authority commenced or threatened against any Borrower or any of its Subsidiaries regarding any potential violation of Environmental Laws or any spill, release, discharge or disposal of any Hazardous Material or (v) notify any governmental agency or authority regarding any potential violation of Environmental Laws or any spill, release, discharge or disposal of any Hazardous Material by any Borrower or any of its Subsidiary, each such Borrower shall promptly notify the Lender thereof (together with a copy of any such notice) and of any action being or proposed to be taken with respect thereto and thereafter shall continue to furnish to the Lender all further notices, demands, reports and other information regarding the foregoing.

5.12 Loss or Destruction of Collateral. Each Borrower shall notify the Lender promptly of the occurrence at any time of the following events if, individually or in the aggregate, the amount involved in connection with such events exceeds \$25,000 or \$50,000 in the aggregate: any loss or depreciation in value of inventory resulting from events other than changes in the market price for such inventory and the amount of the loss or depreciation; or any impairment of value of the Accounts that is reasonably likely to have a Material Adverse Effect.

5.13 Sale Transaction. Borrowers shall comply with each of the covenants contained in the Purchase Agreement for the Sale Transaction upon the terms and at the times provided for therein.

5.14 Subsidiary Guarantors; Pledge of Subsidiary Shares.

(a) Not less than 30 days prior to any Person becoming a direct or indirect Subsidiary, organized under the laws of any political subdivision of the United States or any state thereof, of any Borrower, the Borrowers shall notify the Lender thereof, and contemporaneously with any such Person becoming a Subsidiary, cause such Person to (a) become a Guarantor by executing and delivering to the Lender a joinder agreement with respect to this Agreement, (b) grant Liens upon all of its property to secure the Obligations by executing and delivering to the

Lender a joinder to the Security Agreement and such other documents as the Lender shall reasonably deem appropriate for such purpose, and (c) deliver to the Lender documents of the types referred to in clauses (vi), (vii), (viii) and (ix) of Section 3.1(a), all of the foregoing in form and substance reasonably satisfactory to the Lender.

(b) Each Borrower shall cause (A) one hundred percent (100%) of the issued and outstanding the capital stock or other equity interests of each direct and indirect Subsidiary thereof that is organized under the laws of any political subdivision of the United States or any state thereof, and (B) sixty six percent (66%) of the issued and outstanding capital stock or other equity interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and one hundred percent (100%) of the issued and outstanding capital stock or other equity interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each other Subsidiary thereof, to be subject at all times to a first priority perfected Lien (subject only to Permitted Liens) in favor of the Lender, pursuant to the terms and conditions of the Security Documents; subject, however, to the right of each Subsidiary to adopt and implement stock option plans covering up to 10 per cent of their capital stock.

SECTION VI

NEGATIVE COVENANTS

Each Borrower covenants that so long as any Loan or other Obligation remains outstanding or the Lender has any obligation to make any Loans hereunder:

6.1 Indebtedness. Neither the Borrowers nor any of their Subsidiaries shall create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness other than the following:

(a) Obligations;

(b) Indebtedness existing as of the date of this Agreement and disclosed on Exhibit C hereto and renewals and refinancings thereof, but not any increase in the principal amounts thereof;

(c) Indebtedness for taxes, assessments or governmental charges to the extent that payment therefor shall at the time not be required to be made in accordance with Section 5.4;

(d) current trade payables, liabilities, wages, salaries and other ordinary course obligations, including but not limited to purchases on open account for the purchase price of services, materials and supplies incurred by any Borrower in the ordinary course of business (not as a result of borrowing), so long as all of such open account Indebtedness shall be promptly paid and discharged when due or in conformity with customary trade terms and practices, except for any such open account Indebtedness which is being contested in good faith by such Borrower, as to which adequate reserves required by GAAP have been established and are being maintained and as to which no Lien has been placed on any property of any Borrower or any of their Subsidiaries;

(e) Indebtedness for Capital Expenditures and renewals and refinancings thereof, all as reasonably approved by the Board of Directors of Borrowers; and

(f) Guarantees permitted under Section 6.2 hereof.

6.2 Contingent Liabilities. Neither the Borrowers nor any of their Subsidiaries shall create, incur, assume, guarantee or be or remain liable with respect to any Guarantees other than (i) Guarantees existing on the date of this Agreement and disclosed on Exhibit C hereto, (ii) Guarantees resulting from the endorsement of negotiable instruments for deposit or collection in the ordinary course of business.

6.3 Liens. Neither the Borrowers nor any of their Subsidiaries shall create, incur, assume or suffer to exist any Lien of any kind upon or with respect to any of their property or assets, or assign or otherwise convey any right to receive income, with or without recourse, except the following ("Permitted Liens"):

(a) Liens in favor of the Lender to secure Obligations;

(b) Liens existing as of the date of this Agreement and disclosed in Exhibit C hereto;

(c) Liens securing Indebtedness for Capital Expenditures to the extent such Indebtedness is permitted by Section 6.1(e), provided that (i) each such Lien is given solely to secure the purchase price of the property acquired, does not extend to any other property and is given at the time of acquisition of the property, and (ii) the Indebtedness secured thereby does not exceed the lesser of the cost of such property or its fair market value at the time of acquisition;

(d) liens for taxes, fees, assessments and other governmental charges to the extent that payment of the same may be postponed or is not required in accordance with the provisions of Section 5.4;

(e) landlords' and lessors' liens in respect of rent not in default (or being contested in good faith by appropriate proceedings diligently pursued) or liens in respect of pledges or deposits under workmen's compensation, unemployment insurance, social security laws, or similar legislation (other than ERISA) or in connection with appeal and similar bonds incidental to litigation; mechanics', warehouseman's, laborers' and materialmen's and similar liens, if the obligations secured by such liens are not then delinquent; liens securing the performance of bids, tenders, contracts (other than for the payment of money); and liens securing statutory obligations or surety, indemnity, performance, or other similar bonds incidental to the conduct of any Borrower's or any of its Subsidiary's business in the ordinary course and that do not in the aggregate materially detract from the value of its property or materially impair the use thereof in the operation of its business;

(f) judgment liens securing judgments that (i) are not fully covered by insurance, and (ii) shall not have been in existence for a period longer than 10 days after the

creation thereof or, if a stay of execution shall have been obtained, for a period longer than 10 days after the expiration of such stay;

(g) rights of lessors under capital leases to the extent such capital leases are permitted hereunder;

(h) easements, rights of way, restrictions and other similar charges or Liens relating to real property and not interfering in a material way with the ordinary conduct of any Borrower's business; and

(i) liens constituting a renewal, extension or replacement of any Permitted Lien.

6.4 Merger; Sale or Lease of Assets; Liquidation; Settlement of Litigation. The Borrowers shall not, and shall not permit any of their Subsidiaries to merge or consolidate into or with any other Person or entity or liquidate or dissolve (other than any of the foregoing under which Borrower is the surviving entity). The Borrowers shall not, shall not permit any of their Subsidiary to, sell, lease or otherwise dispose of any assets or properties, other than sale or disposal of inventory and obsolete or worn out equipment, in each case in the ordinary course of business and consistent with past practices. The Borrowers shall not settle or compromise any Specified Litigation without first consulting with the Lender.

6.5 Subsidiaries. The Borrowers shall not, nor shall they permit any of their Subsidiaries to, form any Subsidiaries on or after the Closing Date without complying with this Agreement, nor shall the Borrowers permit any of their Subsidiaries to issue any additional shares of its capital stock or other equity securities, any options therefor or any securities convertible thereto, other than to the Borrowers or pursuant to stock option plans covering no more than 10% of the stock thereof. Neither the Borrowers nor any of their Subsidiaries shall sell, transfer or otherwise dispose of any of the capital stock or other equity securities of its Subsidiary, except to the Borrowers or any of their wholly-owned Subsidiaries or pursuant to stock option plans covering no more than 10% of the stock thereof. The Borrowers shall not, and shall not permit any of their Subsidiaries to, create or suffer to exist any consensual Liens (other than as permitted by this Agreement) or restrictions on the ability of any of their Subsidiaries to pay dividends or make any other distributions on its equity interests held by the Borrowers or pay any Indebtedness owed to the Borrowers or any of their Subsidiaries or to make loans or advances or transfer any of its assets to the Borrowers or any of their Subsidiaries.

6.6 Restricted Payments. Neither the Borrowers nor any of their Subsidiaries shall pay, make, declare or authorize any Restricted Payment other than:

(a) compensation paid to employees, officers and directors in the ordinary course of business and consistent with prudent business practices and travel and similar advances made in the Ordinary Course of Business;

(b) dividends payable solely in common stock; and

- (c) dividends paid by any Subsidiary to a Borrower.

6.7 Investments; Purchases of Assets. Neither the Borrowers nor any of their Subsidiaries shall make or maintain any Investments or purchase or otherwise acquire any material amount of assets other than:

- (a) Investments existing on the date hereof in Subsidiaries;
- (b) Qualified Investments;
- (c) Acquisitions and Capital Expenditures to the extent permitted by Section 6.2;
- (d) purchases of inventory in the ordinary course of business;
- (e) normal trade credit extended in the ordinary course of business and consistent with prudent business practice; and
- (f) advances to employees for business related expenses to be incurred in the ordinary course of business and consisted with past practices in an amount not to exceed \$25,000 in the aggregate outstanding at any one time, provided that advances to any single employee shall not exceed \$10,000 in the aggregate.

6.8 ERISA Compliance. Neither the Borrowers nor any of their ERISA Affiliates nor any Plan shall (i) engage in any Prohibited Transaction which would have a material adverse effect on the business, financial condition or operations of any Borrower and its Subsidiaries taken as a whole, (ii) incur any “accumulated funding deficiency” (within the meaning of Section 412(a) of the Code and Section 302 of ERISA), whether or not waived, (iii) permit to exist any material amount of “unfunded benefit liabilities” (within the meaning of Section 4001(a)(18) of ERISA), (iv) terminate any Pension Plan in a manner which could result in the imposition of a lien on any property of any Borrower or any of its Subsidiaries, (v) fail to make any required contribution to any Multiemployer Plan or (vi) completely or partially withdraw from a Multiemployer Plan if such complete or partial withdrawal will result in any material withdrawal liability under Title IV of ERISA.

6.9 Transactions with Affiliates. The Borrowers will not, and will not permit any of their Subsidiaries to, directly or indirectly, enter into any purchase, sale, lease or other transaction with any Affiliate except (i) transactions in the ordinary course of business on terms that are no less favorable to the Borrowers than those which might be obtained at the time in a comparable arm’s-length transaction with any Person who is not an Affiliate and (ii) employment contracts with senior management of the Borrowers entered into in the ordinary course of business and consistent with prudent business practices. Notwithstanding the foregoing, the Borrowers will not, and will not permit any of their Subsidiaries to, directly or indirectly, pay any management, consulting, overhead, indemnity, guarantee or other similar fee or charge to any Affiliate.

6.10 Anti-Terrorism. No Borrower shall conduct, deal in or engage in or permit any Affiliate or Lender of such Borrower within its control to conduct, deal in or engage in any of the following activities: (i) conduct any business or engage in any transaction or dealing with any person blocked pursuant to Executive Order No. 13224 (“Blocked Person”), including the 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 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 Executive Order No. 13224 or the USA Patriot Act. The Borrowers shall deliver to the Lender any certification or other evidence requested from time to time by the Lender, in its sole, confirming the Borrowers’ compliance with this Section 6.11.

6.11 Specified Litigation. The Borrowers shall provide the Lenders (i) with such updates of the Specified Litigation, in form and substance acceptable to the Lender that the Lender may from time to time require, and (ii) prompt access to each Borrower’s attorneys, experts, and any other consultant or Lender retained by any Borrower in connection with any Specified Litigation (each, a “Borrower Representative”) for the purposes of receiving updates concerning such litigation and all related diligence materials, opinions, reports and other communications provided by such Borrower Representative, including without limitation, access to any presentations and summaries of litigation, and offers to settle; provided, however, that the Borrowers may redact from any such materials and other communications provided to the Lenders any information contained therein solely to the extent such information is reasonably determined by counsel to the Borrowers to be subject to the attorney-client privilege or attorney work product which could not be protected and preserved by the entry of the Lender into a confidentiality agreement.

6.12 Chapter 11 Claims.

(a) The Borrowers shall not incur, create, assume, suffer to exist or permit any other superpriority administrative claim which is pari passu with or senior to the claims of Lender against the Borrowers in any Chapter 11 Case; and

(b) Unless the Lender has provided its prior written consent or all Obligations have been indefeasibly paid in full in cash, all Commitment Amounts terminated, Borrower may not seek, support or pursue any of the following relief:

(i) the obtaining of credit or the incurring of Indebtedness that is secured by any security, mortgage, or collateral interest or other Lien on all or any portion of the Collateral and/or entitled to priority administrative status which is pari passu with or senior to those granted to the Lender; or

(ii) the enforcement of any claimed junior security, mortgage, collateral interest or other junior Lien of any Person on all or any portion of the Collateral.

SECTION VII

DEFAULTS

7.1 Events of Default. There shall be an Event of Default hereunder if any of the following events occurs:

(a) any Borrower or any of the Subsidiaries shall fail to pay any principal of any Loan when due, or any interest, fees or other amounts owing under any Loan Document or in respect of any Obligation when the same shall become due and payable, whether at maturity or at any accelerated date of maturity or at any other date fixed for payment, and such failure with respect to any interest, fees or other amounts is not cured within five (5) days after notice of such default is provided by Lender to Borrower;

(b) any Borrower or any of the Subsidiaries shall fail to perform or comply with any term, covenant or agreement applicable to it contained in Sections 5.1, 5.2(b), 5.5, 5.6, 5.7, 5.9, 5.10 or 5.11, or Section 6 of this Agreement and such failure is not cured within twenty days after Lender provides written notice of such failure to Borrower or such non-performing; or non-complying Person; or

(c) any Borrower or any of its Subsidiary shall fail to perform or comply with any term, covenant or agreement applicable to them (other than as specified in subsections 8.1(a) or (b) hereof) contained in this Agreement or any other Loan Document and such default shall continue for twenty (20) days after notice thereof; or

(d) any representation or warranty of any Borrower made in this Agreement (including, without limitation, pursuant to Section 4.1 of this Agreement) or any other Loan Document or in any certificate, notice or other writing delivered hereunder or thereunder shall prove to have been false in any material respect upon the date when made or deemed to have been made; or

(e) there shall occur a cessation of a substantial part of the business of any Borrower or any of its Subsidiary for a period which materially adversely affects any Borrower's or any of its Subsidiary's capacity to continue its business on a profitable basis; or any Borrower or any of its Subsidiaries shall suffer the loss or revocation of any material license or permit now held or hereafter acquired which is necessary to the continued or lawful operation of its business; or any Borrower or any of its Subsidiaries shall be enjoined, restrained or in any other way prevented by a court, governmental or administrative order from conducting all or any material part of its business; or

(f) other than in connection with the Chapter 11 Cases or the Specified Litigation, any Borrower or any of its Subsidiaries shall fail to pay when due (after any applicable period of grace) any amount payable under any Indebtedness exceeding \$100,000 in principal amount or under any agreement for the use of real or personal property requiring

aggregate payments in excess of \$100,000 in any twelve month period, or fail to observe or perform any term, covenant or agreement evidencing or securing such Indebtedness or relating to such agreement for the use of real or personal property; or

(g) other than in connection with the Chapter 11 Cases or the Specified Litigation, a judgment or order for the payment of money shall be entered against any Borrower or any of its Subsidiaries by any court, or a warrant of attachment or execution or similar process shall be issued or levied against property of any Borrower or any of its Subsidiaries, that in the aggregate exceeds \$100,000 in value, the payment of which is not fully covered by insurance in excess of any deductibles not exceeding \$100,000 in the aggregate, and such judgment, order, warrant or process shall continue undischarged or unstayed for 30 days; or

(h) any Borrower or any ERISA Affiliate shall fail to pay when due any material amount that they shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA, unless such liability is being contested in good faith by appropriate proceedings, such Borrower or the ERISA Affiliate, as the case may be, has established and is maintaining adequate reserves in accordance with GAAP and no lien shall have been filed to secure such liability; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or

(i) any of the Loan Documents shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the express terms thereof or with the express prior written agreement, consent or approval of the Lender, or any action at law or in equity or other legal proceeding to cancel, revoke or rescind any Loan Document shall be commenced by or on behalf of any Borrower, or any court or other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or shall issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof, or any Lien in favor of the Lender created under any of the Loan Documents shall at any time (other than by reason of the Lender relinquishing such Lien) cease in any material respect to constitute a valid and, to the extent applicable, perfected Lien on any material portion of the Collateral; or

(j) any Change in Control; or

(k) any Borrower shall (i) fail to comply with the terms of the Purchase Agreement or Final Sale Order for the Sale Transaction and any of the documents or agreements executed in connection therewith, or (ii) take any action to, and no event or circumstance has or reasonably could be expected to occur that would, adversely affect the ability of any Borrower to comply with the terms of the Purchase Agreement, Final Sale Order, or any document executed or delivered in connection therewith, and such failure or action is not cured within the applicable grace or cure period provided for therein or in this Agreement;

(l) any Borrower shall (i) fail to comply with the terms of the License Agreement and any of the documents or agreements executed in connection therewith, or (ii) take any action to, and no event or circumstance has or reasonably could be expected to occur that would, adversely affect the ability of any Borrower to comply with the terms of the License Agreement, or any document executed or delivered in connection therewith; and such failure or action is not cured within any notice, grace or cure periods provided for therein; or

(m) the occurrence of any event or occurrence which has a Material Adverse Effect;

(n) the occurrence of any of the following in any Chapter 11 Case:

(i) the bringing of a motion by a Borrower, the execution of a written agreement by a Borrower, or the filing of any plan of reorganization or disclosure statement attendant thereto by a Borrower in any Chapter 11 Case: (w) to obtain additional financing under Section 364(c) or (d) of the Bankruptcy Code not otherwise permitted pursuant to this Agreement; (x) to grant any Lien other than Permitted Liens upon or affecting any Collateral; or (y) except as provided in the Final Financing Order, to use cash collateral of the Lender under Section 363(c) of the Bankruptcy Code without the prior written consent of the Lender;

(ii) the filing of any plan of reorganization or disclosure statement attendant thereto, or any direct or indirect amendment to such plan or disclosure statement, by a Borrower to which the Lender does not consent or otherwise agree to the treatment of their claims (such consent not to be unreasonably withheld, conditioned or delayed) or the entry of any order terminating any Borrower's exclusive rights to file a plan of reorganization;

(iii) the entry of an order in any of the Chapter 11 Cases confirming a plan or plans of reorganization that does not contain a provision for termination of the Commitment of the Lender to make Loans hereunder and the indefeasible repayment in full in cash of all of the Obligations under this Agreement on or before the effective date of such plan or plans, or a provision for the unconditional assumption, on terms and conditions acceptable to the Lender in its reasonable discretion, of all of the rights, benefits, obligations or duties of the Borrowers hereunder and under each other Loan Document, unless otherwise agreed to by the Lender;

(iv) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the Loan Documents or the Final Financing Order without the written consent of the Lender or the filing of a motion or other pleading seeking any of the foregoing or a motion for reconsideration with respect to the Final Financing Order;

(v) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the Final Sale Order or Purchase Agreement without the written

consent of the Lender or the filing of a motion or other pleading seeking any of the foregoing or a motion for reconsideration with respect to the Final Sale Order;

(vi) the Final Financing Order is not entered within thirty (30) days of the date hereof;

(vii) subject to entry of the Final Financing Order, the allowance of any claim or claims under Section 506(c) of the Bankruptcy Code or otherwise against the Lender or any of the Collateral;

(viii) the appointment of an interim or permanent trustee in any Chapter 11 Case or the appointment of a receiver or an examiner in any Chapter 11 Case with expanded powers to operate or manage the financial affairs, the business, or reorganization of any Borrower; or the sale without the Lender's consent (which consent shall not be unreasonably withheld), of all or substantially all of such Borrower's assets either through a sale under Section 363 of the Bankruptcy Code, through a confirmed plan of reorganization in the Chapter 11 Cases, or otherwise that does not provide for indefeasible payment in full in cash of the Obligations and termination of Lender's commitment to make Loans;

(ix) the entry of an order by the Bankruptcy Court granting relief from or modifying the automatic stay of Section 362 of the Bankruptcy Code (x) to allow any creditor (other than Lender or its successors and assigns) to execute upon or enforce a Lien on any Collateral, or (y) with respect to any Lien of or the granting of any Lien on any Collateral to any state or local environmental or regulatory agency or authority, which in either case would have a Material Adverse Effect;

(x) the conversion of the Chapter 11 Cases to a liquidation proceeding under Chapter 7 of the Bankruptcy Code;

(xi) Other than in connection with the Chapter 11 Cases and the Specified Litigation, the commencement of a suit or action against the Lender and, as to any suit or action brought by any Person other than the Borrowers or a Subsidiary, officer or employee of a Borrower, the continuation thereof without dismissal for thirty (30) days after service thereof on the Lender, that asserts or seeks by or on behalf of a Borrower, any federal or state environmental protection or health and safety agency, any official committee in any Chapter 11 Case or any other party in interest in any of the Chapter 11 Cases, a claim or any legal or equitable remedy that would be reasonably likely to: (a) have the effect of subordinating any or all of the Obligations or Liens of the Lender under the Loan Documents to any other claim, or (b) have a Material Adverse Effect on the rights and remedies of the Lender under any Loan Document or the collectability of all or any portion of the Obligations;

(x) the entry of an order in any Chapter 11 Case avoiding or excusing payment of any portion of the payments made on account of the Obligations owing under this Agreement or the other Loan Documents;

(xi) the failure of any Borrower to perform any of its obligations under the Final Financing Order, the Final Sale Order or any other Order and failure to cure such default within 5 days after Lender gives Borrower notice thereof; and

(xii) the entry of an order in any of the Chapter 11 Cases granting (A) any other super priority administrative claim other than as set forth in Section 2.9 or (B) Lien equal or superior to that granted to the Lender.

7.2 Remedies. Upon the occurrence of an Event of Default, at any time thereafter while such Event of Default is continuing, at the option of the Lender and upon the Lender's declaration:

(a) the obligation of the Lender to make any further Loans hereunder shall terminate;

(b) the unpaid principal amount of the Loans together with accrued interest, and all other Obligations shall become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived;

(c) the Lender shall have the right to control the prosecution and settlement of the Specified Litigation, such right to be exercised commercially reasonably; and

(d) the Lender may exercise any and all rights it has under this Agreement, the other Loan Documents or at law or in equity, and proceed to protect and enforce its rights by any action at law or in equity or by any other appropriate proceeding.

No remedy conferred upon the Lender in the Loan Documents is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or by any other provision of law. Without limiting the generality of the foregoing or of any of the terms and provisions of any of the Security Documents, if and when the Lender exercises remedies under the Security Documents with respect to Collateral, the Lender may, in its sole discretion, determine which items and types of Collateral to dispose of and in what order and may dispose of Collateral in any order the Lender shall select in its sole discretion, and the Borrowers hereby consent to the foregoing and waives all rights of marshalling with respect to all Collateral.

SECTION VIII

GENERAL

8.1 Notices. Unless otherwise specified herein, all notices hereunder to any party hereto shall be in writing and shall be deemed to have been given when delivered by hand, or when sent by electronic facsimile transmission, or on the first Business Day after delivery to any overnight delivery service, freight pre-paid, or five (5) days after being sent by certified or registered mail, return receipt requested, postage pre-paid, and addressed to such party at its address indicated below:

If to the Borrowers, at

Address:
Attention:
Facsimile:

with a copy to:

Berger Singerman, P.A.
200 South Biscayne Blvd., Suite 1000
Miami, Florida 33131
Attention: Daniel Lampert, Esq.
Facsimile: (305) 714-4340

If to the Lender, at

c/o York Capital Management
767 Fifth Avenue, 17th Floor
New York, NY 10153
Attention: Adam J. Semler, CFO
Charles C. Hale, Managing Director
Facsimile: (212) 300-1302

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, NY 10036-8299
Attention: Adam J. Kansler, Esq.
Facsimile: (212) 969-2900

or at any other address specified by such party in writing.

8.2 Expenses. Provided that the Closing under this Agreement occurs, the Borrowers hereby promise to reimburse the Lender on demand for all reasonable costs and expenses incurred or expended in connection with the administration of this Agreement and the other Loan Documents after the Closing, or any amendment, modification, approval, consent or waiver hereof or thereof, or in connection with the enforcement of any Obligations, the exercise,

preservation or enforcement of any rights, remedies or options of the Lender or the satisfaction of any Obligations, or in connection with any litigation, proceeding or dispute in any way related to the credit hereunder, including, without limitation, reasonable fees and disbursements of outside legal counsel, accounting, consulting, or other similar professional fees or expenses; any fees, charges or expenses relating to any inspections or examinations conducted in connection with the Loans or any Collateral; and all costs and expenses relating to any attempt to inspect, verify, protect, preserve, restore, collect, sell, liquidate or otherwise dispose of or realize upon any Collateral after a Default or an Event of Default. The amount of all such costs and expenses shall, until paid, bear interest at the rate applicable to Base Rate Loans and shall be an Obligation secured by the Collateral. The Borrowers will pay any taxes (including any interest and penalties in respect thereof), other than the Lender's corporate franchise, federal and state income taxes, payable on or with respect to the transactions contemplated by the Loan Documents.

8.3 Indemnification. Provided that the Closing under this Agreement occurs, the Borrowers jointly and severally agree to indemnify and hold harmless the Lender, as well as its shareholders, directors, officers, Lenders, attorneys, subsidiaries and affiliates, from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutorily created or under the common law, all reasonable costs and expenses (including, without limitation, reasonable fees and disbursements of attorneys, engineers and consultants) and all other liabilities whatsoever (including, without limitation, liabilities under Environmental Laws) which shall at any time or times be incurred, suffered, sustained or required to be paid by any such indemnified Person (except any of the foregoing which result from the gross negligence or willful misconduct of the indemnified Person) on account of or in relation to or any way in connection with any of the arrangements or transactions contemplated by, associated with or ancillary to this Agreement, the other Loan Documents or any other documents executed or delivered in connection herewith or therewith, all as the same may be amended from time to time; provided, however, that this indemnification shall only relate to claims made by third parties and no Borrower shall be obligated to indemnify any Person hereunder with respect to any claim made by any Borrower against such Person. In any investigation, proceeding or litigation, or the preparation therefor, the Lender shall select its own counsel and, in addition to the foregoing indemnity, the Borrowers jointly and severally agree to pay promptly the reasonable fees and expenses of such counsel. In the event of the commencement of any such proceeding or litigation, the Borrowers shall be entitled to participate in such proceeding or litigation with counsel of its choice at its own expense, provided that such counsel shall be reasonably satisfactory to the Lender. The covenants of this Section 8.3 shall survive payment or satisfaction of payment of all amounts owing with respect to the Note, any other Loan Document or any other Obligation.

8.4 Survival of Covenants, Etc. All covenants, agreements, representations and warranties made herein, in the other Loan Documents or in any documents or other papers delivered by or on behalf of any Borrower pursuant hereto or thereto shall be deemed to have been relied upon by the Lender, notwithstanding any investigation heretofore or hereafter made by any of them, and shall survive the making by the Lender of the Loans as herein contemplated and the termination of the commitment of the Lender to make Loans hereunder, and shall

continue in full force and effect so long as any Obligation remains outstanding and unpaid or the Lender has any obligation to make any Loans hereunder. Notwithstanding the foregoing, the provisions of Sections 8.2 and 8.3 shall continue in full force and effect after the payment in full of all Obligations. All statements contained in any certificate or other writing delivered by or on behalf of any Borrower pursuant hereto or the other Loan Documents or in connection with the transactions contemplated hereby shall constitute representations and warranties by each Borrower hereunder.

8.5 No Waivers. No failure or delay by the Lender in exercising any right, power or privilege hereunder, under the Note or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No waiver shall extend to or affect any Obligation not expressly waived or impair any right consequent thereon. No course of dealing or omission on the part of the Lender in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon any Borrower shall entitle such Borrower to other or further notice or demand in similar or other circumstances. The rights and remedies herein and in the Note and the other Loan Documents are cumulative and not exclusive of any rights or remedies otherwise provided by agreement or law.

8.6 Amendments, Waivers, etc. Neither this Agreement nor the Note nor any other Loan Document nor any provision hereof or thereof may be amended, waived, discharged or terminated except by a written instrument signed by the Lender, and also, in the case of amendments, by the Borrowers.

8.7 Set Off. Regardless of the adequacy of any Collateral or other means of obtaining repayment of the Obligations, any deposits, balances or other sums credited by or due from the Lender to the Borrowers hereunder and any property of any of the Borrowers now or hereafter in the possession, custody, safekeeping or control of the Lender or in transit to the Lender may, at any time and from time to time, without notice to any Borrower or compliance with any other condition precedent now or hereafter imposed by statute, rule of law, or otherwise (all of which are hereby expressly waived) be set off, appropriated and applied by the Lender against any and all Obligations of any Borrower in such manner as the Lender in its sole discretion may determine. ANY AND ALL RIGHTS TO REQUIRE THE LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHTS OF SETOFF WITH RESPECT TO SUCH DEPOSITS, BALANCES, OTHER SUMS AND PROPERTY OF ANY BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

8.8 Assignment; Participation. This Agreement and the other Loan Documents shall be binding on and shall inure to the benefit of each Borrower and the Lender and their respective successors and assigns, except as otherwise provided herein or therein. The Lender may assign, transfer, hypothecate or otherwise convey all or a portion its rights, benefits, obligations or duties hereunder or under any of the other Loan Documents without the prior express written consent of any Borrower, provided that the Lender provides written notice to the Borrowers of such

assignment. No Borrower may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder or under any of the other Loan Documents without the prior express written consent of the Lender, except that the Borrowers may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder or under any of the other Loan Documents pursuant to a plan of reorganization which is in form and substance acceptable to the Lender in its reasonable discretion and which provides for the unconditional assumption (on terms and conditions acceptable to the Lender in its reasonable discretion) of all of the rights, benefits, obligations or duties of the Borrowers hereunder or under any of the other Loan Documents. Any purported assignment, transfer, hypothecation or other conveyance by any Borrower without the prior express written consent of the Lender or otherwise in violation of this Agreement shall be void. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of each Borrower and the Lender with respect to the transactions contemplated hereby and no Person shall be a third party beneficiary of any of the terms and provisions of this Agreement or any of the other Loan Documents.

8.9 Binding Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of the Borrowers and the Lender and their respective successors and assigns; provided that no Borrower may not assign or transfer its rights or obligations hereunder.

8.10 Lost Note, Etc. Upon receipt of an affidavit of an officer of the Lender as to the loss, theft, destruction or mutilation of the Note or any Security Document which is not a public record and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such Note or Security Document, if available, the Borrowers will issue, in lieu thereof, a replacement Note or other Security Document in the same principal amount thereof and otherwise of like tenor.

8.11 Captions; Counterparts. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

8.12 Entire Agreement, Etc. The Loan Documents and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby and supersede all prior agreements with respect to the subject matter hereof.

8.13 Waiver of Jury Trial. THE BORROWERS AND THE LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER, THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS OR ANY

COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF THE LENDER RELATING TO THE ADMINISTRATION OR ENFORCEMENT OF THE LOANS AND THE LOAN DOCUMENTS, AND AGREES THAT IT WILL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, THE BORROWERS AND THE LENDER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH BORROWER (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (b) ACKNOWLEDGES THAT THE LENDER HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY BECAUSE OF, AMONG OTHER THINGS, EACH BORROWER'S WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

8.14 Governing Law; Jurisdiction; Venue. THIS AGREEMENT AND EACH OF THE OTHER LOAN DOCUMENTS ARE CONTRACTS UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID STATE (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW WHICH WOULD RESULT IN THE APPLICATION OF THE SUBSTANTIVE LAWS OF ANY OTHER JURISDICTION). DURING THE PENDENCY OF THE CHAPTER 11 CASE, EACH BORROWER HEREBY CONSENTS AND AGREES THAT THE BANKRUPTCY COURT SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE LOAN PARTIES, THE LENDER PERTAINING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED THAT THE LENDER AND THE LOAN PARTIES ACKNOWLEDGE THAT ANY APPEALS FROM THE BANKRUPTCY COURT MAY HAVE TO BE HEARD BY A COURT OTHER THAN THE BANKRUPTCY COURT; PROVIDED, FURTHER, THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE THE LENDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE LENDER. EACH BORROWER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH LOAN PARTY HEREBY WAIVES ANY OBJECTION THAT SUCH LOAN PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF

SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. UPON CONFIRMATION OF ANY PLAN OF REORGANIZATION, EACH BORROWER CONSENTS TO THE JURISDICTION OF ANY OF THE FEDERAL OR STATE COURTS LOCATED IN NEW YORK CITY IN THE STATE OF NEW YORK IN CONNECTION WITH ANY SUIT TO ENFORCE THE RIGHTS OF THE LENDER UNDER THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS AND CONSENTS TO SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWERS BY MAIL AT THE BORROWERS' ADDRESS SET FORTH HEREIN. EACH BORROWER IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH ACTION BROUGHT IN THE COURTS REFERRED TO IN THIS SECTION AND IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH ACTION THAT SUCH ACTION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

8.15 Severability. The provisions of this Agreement are severable and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

SECTION IX

GUARANTY

9.1 The Guaranty.

(a) Each of the Guarantors hereby jointly and severally guarantees to the Lender as hereinafter provided, as primary obligor and not as surety, the prompt payment in full (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) and performance of the Obligations when due strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

(b) Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents, the obligations of each Guarantor under this Agreement and the other Loan Documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the

United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

9.2 Obligations Unconditional.

The obligations of the Guarantors under Section 9.2 are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents, or any other agreement or instrument referred to therein, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor (other than indefeasible payment in full of the Obligations), it being the intent of this Section 9.2 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such Guarantor shall not be entitled to exercise any right of subrogation, indemnity, reimbursement or contribution against the Issuer or any other Guarantor for amounts paid under this Section IX until such time as the Obligations have been paid in full. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of any of the Loan Documents or any other agreement or instrument referred to in the Loan Documents shall be done or omitted;

(iii) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents, or any other agreement or instrument referred to in the Loan Documents shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien granted to, or in favor of, the Lender as security for any of the Obligations shall fail to attach or be perfected; or

(v) any of the Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Guarantor).

(b) With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and, to the maximum extent

permitted by law, all notices whatsoever, and any requirement that the Lender exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents, or any other agreement or instrument referred to in the Loan Documents, or against any other Person under any other guarantee of, or security for, any of the Obligations.

9.3 Reinstatement.

The obligations of the Guarantors under this Section IX shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Lender on demand for all reasonable costs and expenses (including, without limitation, reasonable fees and expenses of external counsel) incurred by the Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

9.4 Certain Additional Waivers.

Each Guarantor agrees that such Guarantor shall have no right of recourse to security for the Obligations, except through the exercise of rights of subrogation pursuant to Section 9.2 and through the exercise of rights of contribution pursuant to Section 9.6.

9.5 Remedies.

The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Lender, on the other hand, the Obligations may be declared to be forthwith due and payable as provided in Section 7.1 for purposes of Section 9.1 notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Obligations being deemed to have become automatically due and payable), the Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of Section 9.1. The Guarantors acknowledge and agree that their obligations hereunder in respect of the Obligations are secured in accordance with the terms of the Security Documents and that the Lender may exercise its remedies thereunder in accordance with the terms thereof.

9.6 Rights of Contribution.

The Guarantors agree among themselves that, in connection with payments made hereunder, each Guarantor shall have contribution rights against the other Guarantors as permitted under applicable law. Such contribution rights shall be subordinate and subject in right of payment to the obligations of such Guarantors under the Loan Documents and no Guarantor shall exercise such rights of contribution until all Obligations have been indefeasibly paid in full.

9.7 Guarantee of Payment; Continuing Guarantee.

The guarantee in this Section IX is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to all Obligations whenever arising.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement under seal as of the date first above written.

BORROWERS:

THE SCO GROUP INC.

By: _____
Name:
Title:

SCO OPERATIONS, INC.

By: _____
Name:
Title:

GUARANTORS:

ME, INC.

By: _____
Name:
Title:

[GUARANTOR]

By: _____
Name:
Title:

LENDER:

[LENDER]

By: _____
Name:
Title:

FORM OF
NOTE

\$10,000,000

December __. 2007

FOR VALUE RECEIVED, the undersigned (the "Borrowers") absolutely and unconditionally promises to pay to the order of [LENDER] ("Payee") at [_____]:

(a) on the Maturity Date, the principal amount of TEN MILLION DOLLARS (\$10,000,000.00), if less, the aggregate unpaid principal amount of Loans owing to the Payee pursuant to the Credit Agreement of even date herewith, as amended or supplemented from time to time (the "Credit Agreement"), by and among the Borrowers and the Payee; and

(b) interest on the principal balance hereof from time to time outstanding from the date hereof through and including the date on which such principal amount is paid in full, at the times and at the rates provided in the Credit Agreement.

This Note evidences borrowings under, is subject to the terms and conditions of and has been issued by the Borrowers in accordance with the terms of the Credit Agreement and is the Note referred to therein. The Payee and any holder hereof is entitled to the benefits and subject to the conditions of the Credit Agreement and may enforce the agreements of the Borrowers contained therein, and any holder hereof may exercise the respective remedies provided for thereby or otherwise available in respect thereof, all in accordance with the respective terms thereof. This Note is secured by the Security Documents described in the Credit Agreement.

All capitalized terms used in this Note and not otherwise defined herein shall have the same meanings herein as in the Credit Agreement.

The Borrowers have the right in certain circumstances and the obligation under certain other circumstances to repay or prepay the whole or part of the principal of this Note on the terms and conditions specified in the Agreement.

If any Event of Default shall occur, the entire unpaid principal amount of this Note and all of the unpaid interest accrued thereon may become or be declared due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrowers and every endorser and guarantor of this Note or the obligation represented hereby waive presentment, demand, notice, protest and all other demands and notice

in connection with the delivery, acceptance, performance, default or enforcement of this Note, assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral and to the addition or release of any other party or Person primarily or secondarily liable.

This Note shall be deemed to take effect as a sealed instrument under the laws of the State of New York and for all purposes shall be construed in accordance with such laws (without regard to conflicts of laws rules).

IN WITNESS WHEREOF, the Borrowers have caused this Note to be signed by its duly authorized officer as of the day and year first above written.

THE SCO GROUP, INC.

By: _____

Name:

Title:

SCO OPERATIONS, INC.

By: _____

Name:

Title:

EXHIBIT B

[Lender]
C/O York Capital Management
767 Fifth Avenue, 17th Floor
New York, New York 10153
Attention: Adam J. Semler

Re: Credit Agreement dated as of December [___], 2007 (the "Agreement")

Ladies and Gentlemen:

Pursuant to Section 2.3 of the Agreement the undersigned hereby requests a Loan in the amount of \$ _____ to be made on _____, _____.

In the event such Loan shall be made as a LIBOR Loan, the Interest Period applicable to said Loan will be [one] [two] or [three] months.

The representations and warranties contained or referred to in Section IV of the Agreement are true and accurate on and as of the effective date of the Loan as though made at and as of such date (except to the extent that such representations and warranties expressly relate to an earlier date); and no Default or Event of Default has occurred and is continuing or will result from the Loan.

THE SCO GROUP INC.

By: _____
Name:
Title:

SCO OPERATIONS, INC.

By: _____
Name:
Title:

Date

EXHIBIT C

[DISCLOSURE]

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