UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In re:	:	Chapter 11
	:	
Wordsworth Academy, *et al.*,[1]	:	Case No. 17- 14463 (AMC)
	:	
Debtors.	:	Jointly Administered
	:	

ORDER (I) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION FINANCING ON AN INTERIM BASIS, (II) GRANTING ADEQUATE PROTECTION TO M&T BANK; (II) MODIFYING THE AUTOMATIC STAY, (III) GRANTING RELATED RELIEF, PURSUANT TO 11 U.S.C. SECTIONS 105, 361, 362, 363(C), (D) &(E), 364(C), 364(D)(1), 364(E) AND 507(B), AND (IV) SCHEDULING A FINAL HEARING AUTHORIZING FINANCING ON A FINAL BASIS PURSUANT TO BANKRUPTCY RULE 4001

Upon the motion (the "**Motion**"), dated August 23, 2017, of the above captioned debtors and debtors-in-possession (each a "**Debtor**" and collectively, the "**Debtors**") in the above-captioned Chapter 11 cases (collectively, the "**Cases**"), pursuant to Sections 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), 364(d) and 507(b) of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "**Bankruptcy Code**") and Rules 2002, 4001, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), seeking, among other things:

(1) authorization and approval for the Debtors to obtain post-petition loans, advances and other financial accommodations (the "**Post-Petition Financing**") on an interim basis for a period through and including the date of the Final Hearing (as defined below) from Siena Lending Group LLC (the "**DIP Lender**") in connection with the DIP Credit Agreement (as defined below), under or in connection with the debtor-in-possession revolving credit facility (the "**DIP Facility**") in an interim aggregate amount up to $1,500,000 and on a final basis in an aggregate amount up to $5,000,000 and otherwise in accordance with this Interim Order and the Final Order (defined below); and for the Debtors to enter into that certain the Debtor-In-Possession Loan and Security Agreement with the DIP Lender, substantially in the form attached hereto as **Exhibit 2** (the "**DIP Credit Agreement**"), which shall reflect in all

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: Wordsworth Academy (9031); Wordsworth CUA 5, LLC (0983); and Wordsworth CUA 10, LLC (5980). Wordsworth Academy has an address at 3300 Henry Ave., Philadelphia, PA 19129.

material respects the terms and conditions set forth in this Order; and for Public Health Management Corporation ("**PHMC**") to provide a guaranty (the "**PHMC Guaranty**") for the repayment of the DIP Facility (the DIP Credit Agreement, the PHMC Guaranty, this Interim Order and the Final Order (as defined below) together with all other agreements, documents and instruments to be executed or delivered in connection therewith, collectively, the "**DIP Financing Documents**"). The DIP Facility shall be used to finance certain administrative expenses in the Cases and for working capital purposes as set forth in the Budget (defined below);

(2) the grant to the DIP Lender, of superpriority administrative claim status pursuant to Sections 364(c)(1) and (d)(1) and 507(b) of the Bankruptcy Code in accordance with the terms of this Order;

(3) granting adequate protection to M&T Bank ("**M&T**") under and in connection with the Prepetition Financing Documents in accordance with the terms of this Interim Order which shall be incorporated in the Final Order and in accordance with certain agreements entered into with M&T attached hereto;

(4) modification of the automatic stay to the extent hereinafter set forth and waiving the fourteen (14) day stay provisions of Federal Rule of Bankruptcy Procedure 4001(a)(3) and 6004(h); and

(5) the setting of a final hearing on the Motion (the "**Final Hearing**") for entry of an order authorizing the financing and use of cash collateral on a final basis (the "**Final Order**").

Notice of the Motion, the relief requested therein, and the Interim Hearing (as defined below) (the "**Notice**") having been served by the Debtors in accordance with Rule 4001(c) on: (i) the DIP Lender; (ii) the United States Trustee for the Eastern District of Pennsylvania (the "**U.S. Trustee**"); (iii) counsel to the Official Committee of Unsecured Creditors; (iv) M&T; (v) Play & Learn; (vi) all parties known to the Debtors who hold any liens or security interest in the Debtors' assets who have filed UCC-1 financing statements against the Debtors, or who, to the Debtors' knowledge, have asserted any liens on any of the Debtors' assets; (vii) the Commonwealth of Pennsylvania, Department of Revenue; (viii) the Commonwealth of Pennsylvania Department of Labor and Industry; (ix) the Office of the Attorney General of Pennsylvania; (x) the City of Philadelphia; (xi) the Internal Revenue Service and all relevant

taxing authorities of Pennsylvania; (xii) all creditors known to the Debtors to be holding a judgment and (xiii) all other parties entitled to receive notice pursuant to the Federal Rules of Bankruptcy Procedure and the Local Rules of this Court (collectively, the "**Noticed Parties**").

The initial hearing on the Motion having been held by this Court on August 30, 2017 (the "**Interim Hearing**").

Upon the record made by the Debtors at the Interim Hearing, including the Motion, and the filings and pleadings in the Case, and good and sufficient cause appearing therefor;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW[2]:

A. Petition. On June 30, 2017 (the "**Petition Date**"), each Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their property as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

B. Jurisdiction and Venue. The Court has jurisdiction of this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. The Motion is a "core" proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A), (D) and (M). Venue of the Cases and the Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Notice. Under the circumstances, the Notice given by the Debtors of the Motion, the Interim Hearing and the relief sought herein has been given to the Noticed Parties pursuant to Fed. R. Bankr. P. 4001(c)(2).

[2] Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact pursuant to Fed. R. Bankr. P. 7052. Any statements of the Court from the bench at the Interim Hearing shall constitute additional findings of fact and conclusions of law as appropriate and are expressly incorporated by reference into this Interim order to the extent non inconsistent herewith.

D. Debtors' Acknowledgments and Agreements. Each Debtor admits, stipulates, acknowledges and agrees, as of the Petition Date, that:

(i) On August 7, 2017, the Court entered its *Final Order Authorizing Debtors' Use of Cash Collateral and Granting Related Relief* [Dkt. No. 198] (the "**Final Cash Collateral Order**"). The Final Cash Collateral Order provides, in pertinent part: (a) pursuant to a Credit Agreement dated April 8, 2015 ("**Prepetition Credit Agreement**"), M&T made loans to the Debtors, including a $4,000,000 line of credit, which subsequently increased to $5,000,000 and a $6,000,000 term loan (collectively, the "**Prepetition Loans**"). To evidence the Debtors' obligations under the Prepetition Credit Agreement, the Debtors each executed and delivered to M&T, among other things, two promissory notes dated April 8, 2015 – a Daily Adjusting LIBOR Revolving Line Note in the maximum original principal amount of $4,000,000, as amended or supplemented from time to time, including by that certain Third Amended and Restated Daily Adjusting Libor Revolving Line Note dated September 7, 2016 in the maximum principal amount of $5,000,000 and a Term Note in the original principal amount of $6,000,000 (as supplemented by a LIBOR Rate Rider dated April 8, 2015); (b) pursuant to a certain Mortgage dated April 8, 2015, in the original principal amount of $10,000,000 (the "**Prepetition Mortgage**"), to secure all of Wordsworth's present and future indebtedness due and owing to M&T, Wordsworth granted M&T liens on and security interests in, the real property commonly known as (1) 100 Camp Hill Road, partly in Springfield Township and partly in Upper Dublin Township, Montgomery County, Pennsylvania (being known as Parcel Numbers 52-00-14044-007 and 54-00-03541-00-5); and (2) Wenner Way, Upper Dublin Township, Montgomery County, Pennsylvania (being known as Parcel Number 54-00-03552-00-3), together with all buildings, structures, improvements, fixtures, equipment, easements, rights appurtenances,

leases, rents contract rights erected, situate or installed upon, or used in the operation or maintenance thereof, and the proceeds thereof (collectively, as more particularly described in the Mortgage, the "**Prepetition Real Property Collateral**"). The Prepetition Mortgage was recorded in the office of the Recorder of Deeds for Montgomery County Pennsylvania on April 10, 2015, as Instrument Number: 2015024142, in Mortgage Book 13926, at pages 02908-02926; (c) Pursuant to a General Security Agreement dated April 8, 2015, to secure all of the Debtors' present and future indebtedness due and owing to M&T, the Debtors granted to M&T liens on and security interests in, among other things, all of the Debtors' personal property and fixtures, including, without limitation, all accounts, chattel paper, deposit accounts, documents, goods and equipment, general intangibles, inventory and all proceeds and products thereof (collectively, as more particularly described in the Security Agreement, the "**Prepetition Personal Property Collateral**" and together with the Prepetition Real Property Collateral, the "**Prepetition Collateral**"); (c) in addition to the Prepetition Loans, pursuant to a certain Agreement for Visa® Charge Cards and Card Products dated May 28, 2015 by and among M&T and Wordsworth as supplemented by that certain Commercial Card Restriction Addendum to Visa Charge Card Agreement, M&T made available to Wordsworth a purchase card facility in the maximum amount of $50,000 (together with the Prepetition Loans, the "**Prepetition Credit Facilities**"). Pursuant to a General Security Agreement dated May 28, 2015 by Wordsworth in favor of M&T, the Prepetition Purchase Card Facility is secured by the Prepetition Personal Property Collateral. Pursuant to the Prepetition Mortgage the Prepetition Purchase Card Facility also is secured by the Prepetition Real Property Collateral; (d) as of the Petition Date, the total amount due and owing to M&T by the Debtors under the Prepetition Credit Facilities was $4,806,508.01 (the "**Prepetition Claim Amount**"), which is comprised of principal, interest, fees and costs in

amounts set forth in the Final Cash Collateral Order. In addition to the Prepetition Claim Amount, the Debtors are obligated to pay additional interest, fees, and expenses, including but not limited to attorneys' fees and expenses, incurred in connection with the enforcement and collection of the Prepetition Credit Facilities, which accrued before or may accrue after the Petition Date (together with the Prepetition Claim Amount, the "**Prepetition Indebtedness**").

(ii) The Prepetition Indebtedness is secured by liens and security interests (collectively, the "**Prepetition Liens**") in the Prepetition Collateral, including any cash or proceeds of the Prepetition Collateral. The value of the Prepetition Collateral is presently in excess of the Prepetition Indebtedness and M&T is oversecured based on current market values. Subject to the Final Cash Collateral Order, the Prepetition Indebtedness is not subject to defense, offset or counterclaim of any kind or nature and the Prepetition Indebtedness is and shall constitute an allowed, secured claim under Sections 506(a) and 502 of the Bankruptcy Code.

(iii) As set forth in the Final Cash Collateral Order, an immediate and critical need exists for the Debtors to obtain funds and use cash collateral to continue the operation of the business. The Final Cash Collateral approves on a Final Basis the Debtors' usage of "cash collateral," as defined by section 363(a) of the Bankruptcy Code and including any and all prepetition, and subject to section 552 of the Bankruptcy Code, postpetition proceeds of the Prepetition Collateral ("**Cash Collateral**") with respect to M&T on the terms and conditions set forth in the Final Cash Collateral Order. However, the use of M&T's Cash Collateral alone would be insufficient to meet the Debtors' immediate post-petition liquidity needs.

(iv) On July 26, 2017, the Court entered its *Final Order Pursuant to 11 U.S.C. Sections 105, 361, 362, 363 and 364 and Rules 2002, 4001 and 9014 of the Federal Rules*

of Bankruptcy Procedure (1) Authorizing Debtors to Obtain Post-Petition Financing, (II) Authorizing Them to Enter Into the DIP Credit Agreement, (III) Granting Liens and Administrative Priority Claims To Dip Lender, and (IV) Modifying the Automatic Stay [Dkt. No. 149] (the "**Final Play and Learn DIP Order**"). The Final Play and Learn DIP Order authorized the Debtors to obtain loans and advances and other financial accommodations ("**Play and Learn DIP Facility**") on the terms and conditions set forth therein for the purposes of (a) funding certain working capital requirements, operating expenses and capital expenditures of the Debtors in the ordinary course of the Debtors' business, including fees and expenses allowed in the Cases at any time by final order of the Court under Sections 328, 330, 331 of the Bankruptcy Code, including pursuant to any interim compensation procedures order, as applicable (the "**Allowed Professional Fees**"), (b) to fund the payment of interest accrued on the Play and Learn DIP Facility and interest to M&T on account of the Prepetition Facility and (c) for other allowable costs and expenses, all in accordance with a DIP/cash collateral budget attached thereto. The Final Play and Learn DIP Order secured the post-petition financing advances made by Play and Learn with a subordinated, second lien in the Prepetition Real Property Collateral (the "**Play and Learn DIP Lien**"). However, the loans and advances provided by the Play and Learn DIP Facility, together with the Debtors' permissive usage of Cash Collateral as provided by the Final Cash Collateral Order are insufficient to meet the Debtors' immediate post-petition liquidity needs.

E. Adequate Protection.

(i) Adequate Protection Obligations. The Debtors acknowledge and agree that M&T is entitled to adequate protection resulting from the (a) provisions of this Interim Order granting first priority, priming liens on the Prepetition Personal Property Collateral to the

DIP Lender, for the benefit of the DIP Lender, with respect to the DIP Facility and (b) third priority liens on the Prepetition Real Property Collateral (collectively, hereafter the "**Adequate Protection Obligations**"). M&T has consented to the DIP Facility and placement of first priority priming security interests in and liens upon the Prepetition Personal Property Collateral and the placement of third priority junior security interests in and liens upon the Prepetition Real Property Collateral in favor of the DIP Lender as set forth herein on the express condition that the DIP Lender agrees to a subordination agreement acceptable to M&T with respect to the Prepetition Real Property Collateral as between M&T and Siena, which shall be consistent with the terms placed on the record at the Interim Hearing (the "**Siena/M&T Subordination Agreement**"). Play and Learn has consented to the DIP Facility and placement of a subordinated third lien in the Prepetition Real Property Collateral in favor of the DIP Lender on the express condition that the DIP Lender agrees to a subordination agreement acceptable to Play and Learn with respect to the Prepetition Real Property Collateral as between Play and Learn and the DIP Lender (the "**Siena/Play and Learn Subordination Agreement**"). Such Siena/Play and Learn Subordination Agreement was agreed to by counsel for the DIP Lender and Play and Learn on August 28, 2017. In the event that the terms and conditions of the M&T/Siena Subordination Agreement differ from the terms and conditions of the Siena/Play and Learn Subordination Agreement, the Siena/Play and Learn Subordination Agreement shall, at Play and Learn's reasonable discretion, be modified so that the same shall be on substantially similar terms and conditions of such Siena/M&T Subordination Agreement.

(ii) Adequate Protection Liens. Pursuant to sections 361, 363 and 507(b) of the Bankruptcy Code, as adequate protection for the Adequate Protection Obligations, the Debtors have agreed to provide M&T with the Adequate Protection (as defined below).

(iii) Necessity for Adequate Protection. The adequate protection and other treatment proposed to be provided by the Debtors pursuant to this Interim Order are authorized by the Bankruptcy Code, will minimize disputes and litigation over subordination of liens, the use of Cash Collateral and the DIP Facility, and facilitate the Debtors' ability to continue to operate until confirmation of its plan of reorganization in these Cases.

F. Adequate Protection for Financing/Cash Collateral/Non-Impairment. The security interests and liens granted hereunder to (i) the DIP Lender, under section 364(c) and (d) of the Bankruptcy Code, and (ii) to M&T under sections 105, 361 and 363 of the Bankruptcy Code, are appropriate because, among other things: (a) M&T has consented to the placement of first priority priming liens on and security interests in the Prepetition Personal Property Collateral granted to the DIP Lender and the placement of a subordinated third lien on and security interest in the Prepetition Real Property Collateral, pursuant to the terms and conditions of the Siena/M&T Subordination Agreement, each as granted to the DIP Lender on the terms set forth herein; (b) the fair market value of the Prepetition Real Property Collateral substantially exceeds the amount of the Prepetition Indebtedness owed to M&T (by at least $4 million); (c) Play and Learn may negotiate for the purchase of a portion of the Prepetition Real Property Collateral; (d) M&T is presently receiving payment of current interest owed under the Prepetition Credit Facilities pursuant to the Final Cash Collateral Order and the Final Play and Learn DIP Order; and (e) Play and Learn has consented to the placement of a subordinated, third priority lien on and security interest in the Prepetition Real Property Collateral, junior to the Play and Learn DIP Lien, in favor of the DIP Lender pursuant to the terms and conditions of the Siena/Play and Learn Subordination Agreement and/or this Interim Order.

G. Preliminary Findings Regarding the Postpetition Financing.

(i) Postpetition Financing. The Debtors have requested from the DIP Lender, and the DIP Lender is willing to extend, certain loans, advances and other financial accommodations, as more particularly described, and on the terms and conditions set forth, in this Interim Order and the DIP Financing Documents.

(ii) Fair and Reasonable. Based on the record presented to the Court by the Debtors, it appears that the terms of the DIP Credit Agreement, the DIP Financing Documents and the DIP Facility are fair and reasonable and reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and constitute reasonably equivalent value and fair consideration.

(iii) Need for Post-Petition Financing. The Debtors do not have sufficient available sources of working capital to operate the Debtors' business in the ordinary course without the Post-Petition Financing as described in this Interim Order. The Debtors' ability to maintain and maximize the value of the operations until confirmation of its plan of reorganization, to pay its employees, and to otherwise fund its operations is essential to the Debtors' continued viability. The ability of the Debtors to obtain sufficient working capital and liquidity through the proposed Post-Petition Financing on the terms set forth in the DIP Financing Documents and this Interim Order is vital to the preservation and maximization of the going concern value of the Debtors' currently operating businesses pending a sale of the Debtors' assets. Accordingly, the Debtors have an immediate need to obtain the Post-Petition Financing in order to, among other things, permit the orderly continuation of the operation of their operating businesses, preserve jobs for their employees, maintain vendor support, minimize the disruption of their business operations, and manage and preserve the assets of the Debtors'

bankruptcy estates (as defined under Section 541 of the Bankruptcy Code, the "**Estates**") in order to maximize the recoveries to creditors of the Estates.

(iv) No Credit Available on More Favorable Terms. The Debtors are unable to procure financing in the form of unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code, as an administrative expense under Section 364(a) or (b) of the Bankruptcy Code, or in exchange for the grant of an administrative expense priority pursuant to Section 364(c)(1) of the Bankruptcy Code, without the grant of liens on all or substantially all of Debtors' assets, pursuant to Section 364(c) and Section 364(d) of the Bankruptcy Code. The Debtors have been unable to procure the necessary financing on terms more favorable than the financing offered by the DIP Lender pursuant to the DIP Financing Documents and this Interim Order.

(v) Budget. Based on the record presented to the Court by the Debtors, it appears that the Debtors have prepared and delivered to the DIP Lender the Budget (as defined in the DIP Credit Agreement). A copy of the Budget is annexed hereto as Exhibit 1. The Budget has been thoroughly reviewed by the Debtors and their management and sets forth, among other things, the projected cash receipts and disbursements for the periods covered thereby. The Debtors believe in good faith that the Budget is achievable and will allow the Debtors to operate in Chapter 11 without the accrual of unpaid administrative expenses during the term of the Budget. The DIP Lender is relying upon the Debtors' compliance with the Budget in determining to consent to the use of Cash Collateral for the limited purposes expressly set forth herein and to enter into the Post-Petition Financing provided for herein.

(vi) Business Judgment and Good Faith Pursuant to Section 364(e) and Section 363(m). Based on the record presented to the Court by the Debtors, it appears that the

terms of the DIP Financing Documents and this Interim Order are fair, just, reasonable and appropriate under the circumstances, reflect the Debtors' exercise of their prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration. Based on the record before this Court, it appears (and the Debtors have stipulated) that the Debtors and the DIP Lender have negotiated at arms' length and in good faith regarding the terms of the DIP Financing Documents, and the DIP Facility, subject to the terms of this Interim Order. Any credit extended under the terms of this Interim Order shall be deemed to have been extended in "good faith" as that term is used in Section 364(e) and 363(m) of the Bankruptcy Code.

(vii) No Objection of Play and Learn. Play and Learn has no objection to the DIP Facility solely on the terms and conditions set forth in this Interim Order. Play and Learn consented to the terms of financing.

(viii) Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors and their Estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (a) minimize disruption to the Debtors' on-going businesses and on-going operations and to permit the Debtors to sell their assets, (b) preserve and maximize the value of the Debtors' Estates, and (c) avoid immediate and irreparable harm to the Debtors, their business, their employees and their assets.

(ix) Immediate Entry. Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rules 4001(c)(2). No party appearing in the Cases has filed or made an objection to the relief sought in the Motion or the entry of this Interim

Order, or any objections that were made (to the extent such objections have not been withdrawn) are hereby overruled.

Based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Order. This Order shall be referred to herein as the "**Interim Order**."

1.2 Authorization to Borrow and Use of Loan Proceeds. The Debtors are hereby authorized and empowered to immediately borrow and obtain Revolving Loans (as defined in the DIP Credit Agreement) and the Debtors are hereby authorized and empowered to incur indebtedness and obligations owing to the DIP Lender on the terms and subject to the conditions set forth in the DIP Financing Documents and this Interim Order, during the period commencing on the date of this Interim Order through and including the date of the Final Hearing as set forth in Section 7 of this Interim Order (the "**Interim Financing Period**") as set forth in the Budget during such period and up to the maximum amount of $1,500,000; in such amounts as may be made available to the Debtors by the DIP Lender in accordance with all of the lending formulae, sublimits, terms and conditions set forth in the DIP Financing Documents. Each Debtor may only use the proceeds of the Revolving Loans and any other credit accommodations provided pursuant to the terms and conditions of the DIP Financing Documents and this Interim Order; *provided however*, that upon entry of the Interim Order, M&T's liens on the Prepetition Personal Property Collateral shall be primed and subordinated to the DIP Lender's liens on the DIP Collateral.

1.3 Financing Documents.

1.3.1 Authorization. Each Debtor is hereby authorized to enter into, execute, deliver, perform, and comply with all of the terms, conditions and covenants of the DIP Financing Documents and other related agreements, including without limitation, the DIP Credit Agreement referred to herein.

1.3.2 Approval. The DIP Financing Documents and each term set forth therein are approved to the extent necessary to implement the terms and provisions of this Interim Order.

1.3.3 Amendment of DIP Financing Documents. The Debtors and the DIP Lender are hereby authorized to implement, in accordance with the terms of the DIP Financing Documents, any non-material modification of the DIP Financing Documents without further order of this Court or any other modification to the DIP Financing Documents; provided however, that notice of any material modification or amendment to the DIP Financing Documents shall be provided to: (a) counsel to any official committee (the "**Committee**"); (b) counsel to M&T; (c) counsel to Play and Learn; and (d) the U.S. Trustee, each of whom shall have five (5) business days from the date of such notice within which to object in writing to such modification or amendment unless all such parties agree in writing to a shorter period. If any Committee, M&T, Play and Learn or the U.S. Trustee timely objects to any material modification or amendment to the DIP Financing Documents, such modification or amendment shall only be permitted pursuant to an order of this Court.

1.4 Payments and Application of Payments. The Debtors are authorized and directed to make all payments and transfers of Debtors' Estate property to the DIP Lender as provided, permitted and/or required under the DIP Financing Documents, which payments and transfers,

subject to Section 5.1 herein, shall not be avoidable or recoverable from the DIP Lender under Section 547, 548, 550, 553 or any other section of the Bankruptcy Code, or subject to any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law or otherwise. The DIP Lender shall apply the proceeds of the DIP Collateral (as defined below), and any other amounts or payments received by the DIP Lender in respect of the obligations arising under the DIP Financing Documents, (collectively, the "**DIP Obligations**") in accordance with the DIP Financing Documents and this Interim Order, in such order and manner determined by the DIP Lender in the DIP Lender's sole and absolute discretion. Without limiting the generality of the foregoing, the Debtors are authorized and directed, without further order of this Court, to pay or reimburse the DIP Lender, in accordance with the DIP Financing Documents, for all present and future costs and expenses, including, without limitation, all reasonable professional fees, consultant fees and legal fees and expenses paid or incurred by the DIP Lender in connection with the financing transactions as provided in the DIP Financing Documents and this Interim Order, all of which shall be and are included as part of the principal amount of the DIP Obligations and secured by the DIP Collateral (as defined below), provided, however, copies of any invoices for fees and expenses sought to be paid hereunder shall be provided by the DIP Lender to counsel to the Debtors, the Committee and the U.S. Trustee, subject to any redactions for privileged and/or confidential information.

1.5 Interest and Fees. The rate of interest to be charged for the Revolving Loans under the DIP Obligations pursuant to the DIP Credit Agreement shall be the rates set forth in the DIP Credit Agreement and shall be payable at the times set forth in the DIP Credit Agreement. The fees charged under the DIP Facility shall be those set forth in the DIP Credit Agreement and shall be payable at the times set forth in the DIP Credit Agreement, including

without limitation the $150,000 Closing Fee (as defined in the DIP Credit Agreement), which is fully earned, payable and non-refundable upon the entry of this Interim Order.

Section 2. Collateralization, Adequate Protection and Superpriority Administrative Claim Status.

2.1 DIP Collateral.

2.1.1 DIP Lien Grant. To secure the prompt payment and performance of any and all DIP Obligations of the Debtors to the DIP Lender of whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, the DIP Lender shall have and is hereby granted, effective as of the date of the entry of this Interim Order, valid and perfected first priority, priming security interests and liens in and upon (such security interests and liens collectively, the "**DIP Liens**") all present and after-acquired personal property of the Debtors of any nature whatsoever, including without limitation, all accounts receivable, inventory, general intangibles, chattel paper, leaseholds, fixtures, machinery, equipment, deposit accounts, cash and cash equivalents, investments, patents, trademarks, trade names, copyrights, rights under license agreements and other intellectual property, inter-company notes or receivables due to the Debtors, all of the Collateral (as defined in the DIP Credit Agreement), and all causes of action whether pursuant to federal or state law and all proceeds thereof and property received thereby whether by judgment, settlement or otherwise, of the Debtors or their estates, and as to all of the foregoing, all rents, issues, products, proceeds and profits generated by any of the foregoing (collectively, the "**Personal Property DIP Collateral**") together with a subordinated third priority security interest in and lien upon the Debtors' real property, including the Prepetition Real Property Collateral subject to the Siena/M&T Subordination Agreement and the Siena/Play and Learn Subordination Agreement (together with the Personal Property DIP

Collateral, collectively, the "**DIP Collateral**"); provided however, that the DIP Collateral shall not include claims and causes of action under Chapter 5 of the Bankruptcy Code; provided, further, the DIP Lender's security interests in and liens upon the Prepetition Real Property Collateral shall secure a maximum of TWO AND ONE HALF MILLION DOLLARS ($2,500,000.00) of DIP Obligations. The DIP Obligations shall also include all indemnification obligations of the Debtors to the DIP Lender arising under the DIP Facility Documents. Subject to the provisions of Section 2.3, the DIP Liens shall be:

a. Priming Liens on Encumbered Assets. Pursuant to section 364(d) of the Bankruptcy Code, valid, enforceable, fully perfected, security interests in and liens upon all of the Debtors' right, title and interest in, to and under all DIP Collateral, including, without limitation, first priority senior priming security interests and priming liens which are senior to the security interests in and liens on the Prepetition Personal Property Collateral and Personal Property DIP Collateral (if any) held by M&T and a subordinated, third priority security interest in and lien upon the Prepetition Real Property Collateral, subject to the Siena/M&T Subordination Agreement and the Siena/Play and Learn Subordination Agreement; and (ii) the Adequate Protection Liens (as defined below).

b. Liens on Unencumbered Assets. Pursuant to Section 364(c)(2) of the Bankruptcy Code, continuing valid, perfected, enforceable, first priority, and fully perfected liens on and security interests in all of the Debtors' right, title, and interest in and to and under all DIP Collateral that is not otherwise encumbered by a validly perfected security interest on or lien on the date of the Interim Hearing Date.

2.1.2 Post-Petition Lien Perfection. This Interim Order shall be sufficient and conclusive evidence of the priority, perfection and validity of the post-petition liens and security

interests granted herein, effective as of the date of this Interim Order Date, without any further act and without regard to any other federal, state or local requirements or law requiring notice, filing, registration, recording or possession of the DIP Collateral, or other act to validate or perfect such security interest or lien, including without limitation, control agreements with any financial institution(s) holding any deposit account of any Debtor (a "**Perfection Act**"). Notwithstanding the foregoing, if the DIP Lender shall, in its sole discretion, elect for any reason to file, record or otherwise effectuate any Perfection Act, the DIP Lender is authorized to perform such act, and then the Debtors are authorized to perform such act to the extent necessary or required by the DIP Lender, which act or acts shall be deemed to have been accomplished as of the Petition Date notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file or record any document in regard to such act in accordance with applicable law. The DIP Lender may choose to file, record or present a certified copy of this Interim Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is authorized to accept, file or record such certified copy of this Interim Order in accordance with applicable law. Should the DIP Lender so choose and attempt to file, record or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the post-petition liens and security interests granted herein by virtue of the entry of this Interim Order.

2.2 Superpriority Administrative Expense. For all DIP Obligations now existing or hereafter arising pursuant to this Interim Order, the DIP Financing Documents or otherwise, the DIP Lender is granted an allowed, superpriority administrative claim in each Debtor's Estate pursuant to Section 364(c)(1) of the Bankruptcy Code, having priority in right of payment over

any and all other obligations, liabilities and indebtedness of each Debtor, whether now in existence or hereafter incurred by such Debtor, and over any and all administrative expenses, adequate protection claims or priority claims of the kind specified in, or ordered pursuant to the Bankruptcy Code, including without limitation, inter alia, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507, 364(c)(1), 546(c), 726 or 1114 of the Bankruptcy Code (the "**DIP Superpriority Claim**"), subject only to the Carve Out; and provided, further, that in the case where the Prepetition Indebtedness is not satisfied in full from the proceeds of the Prepetition Real Property Collateral, then such deficiency claim, if any, shall be treated as a superpriority administrative claim that is pari passu with the DIP Superpriority Claim granted hereunder.

2.3 Carve Out.

2.3.1 The DIP Liens, DIP Superpriority Claims, Adequate Protection Liens and Adequate Protection Claims shall be subject only to the right of payment of the following expenses (collectively, the "**Carve-Out**"):

a. statutory fees payable to the U.S. Trustee pursuant to 28 U.S.C. §§ 1930(a)(6) with respect to the Debtors up to a maximum of $30,000.00 in the aggregate; and

b. upon the occurrence of an Event of Default (as hereinafter defined), the aggregate sum of the previously accrued and unpaid Allowed Professional Fees, in an amount not to exceed the Carve-Out Cap, which aggregate sum shall be shared by and among each of the following parties: Dilworth Paxson LLP as Debtors' counsel; Donlin Recano & Company, Inc. as Debtors' claims and noticing agent; Getzler Henrich & Associates LLC as financial advisors for the Debtors; CliftonLarsonAllen LLP as Accountants for the Debtors; Weir & Partners LLP as co-counsel to the Committee; Cullen and Dykman LLP as co-counsel to the Committee; and Walker Nell Partners, Inc. as financial advisor to the Committee (collectively,

the "**Designated Professionals**"). For purposes of the foregoing, "**Carve-Out Cap**" shall mean: (i) from the date of the entry of the Interim Order through and including September 29, 2017, the aggregate sum of $50,000; (ii) from September 30, 2017 through and including October 14, 2017, the aggregate sum of $100,000; (iii) from October 15, 2017 through and including October 27, 2017, the aggregate sum of $150,000; and (iv) from and after October 28, 2017, the aggregate sum of $175,000. To the extent that, upon an Event of Default, the Carve-Out Cap is insufficient to pay the accrued and unpaid Allowed Professional Fees of the Designated Professionals, the Carve-Out Cap, will be allocated and paid in proportion to the Designated Professionals' respective line items in the Budget. For the avoidance of doubt, prior to the occurrence of an Event of Default, the Debtors may use the proceeds of Revolving Loans to fund Allowed Professional Fees strictly in accordance with the Budget, the DIP Financing Documents and the terms of this Interim Order.

2.4 Excluded Professional Fees. Notwithstanding anything to the contrary in this Interim Order, neither the Carve Out, nor the proceeds of any Revolving Loans or DIP Collateral shall be used to pay any Allowed Professional Fees or any other fees or expenses incurred by any Professional in connection with any of the following: (a) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (i) challenging the legality, validity, priority, perfection, or enforceability of the DIP Obligations, (ii) invalidating, setting aside, avoiding or subordinating, in whole or in part, the DIP Obligations or the DIP Lender's liens on and security interests in the DIP Collateral, or (iii) preventing, hindering or delaying the DIP Lender's assertion or enforcement of any lien, claim, right or security interest or realization upon any in accordance with the terms and conditions of this Interim Order, (b) a request to use

Cash Collateral (as such term is defined in Section 363 of the Bankruptcy Code) without the prior written consent of the DIP Lender, except to the extent expressly permitted herein, (c) a request for authorization to obtain Debtor-in-Possession financing or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy Code, other than from the DIP Lender, without the prior written consent of the DIP Lender, (d) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against the DIP Lender, or any of them, or any of their respective officers, directors, employees, agents, attorneys, affiliates, successors or assigns, including, without limitation, any attempt to recover or avoid any claim or interest from the DIP Lender.

2.5 Carve Out Reserve. At the DIP Lender's sole discretion, the DIP Lender may at any time establish (and adjust) a reserve against the amount of Revolving Loans or other credit accommodations that would otherwise be made available to the Debtors pursuant to the lending formulae contained in the DIP Credit Agreement in respect of the Carve Out. Nothing contained herein shall limit, modify or restrict in any way the DIP Lender's rights to establish (and adjust) any other reserves in accordance with the DIP Financing Documents.

2.6 Subordination of M&T. M&T's (or any other creditor's) security interests in and liens upon the Prepetition Personal Property Collateral, as well as the Adequate Protection Liens (as such term is defined in the Final Cash Collateral Order) and any claims in favor of M&T arising under the Final Cash Collateral Order, including superpriority claims arising under section 507(b) of the Bankruptcy Code, or otherwise shall be subordinated in all respects and subject to the DIP Liens and the priority granted herein to the DIP Obligations. Without limiting the generality of the foregoing, and notwithstanding any contrary provision in the Final Cash Collateral Order (or any modification thereof or any future orders entered in the Cases involving

M&T and one or more of the Debtors and implicating the DIP Obligations or the rights or protections of the DIP Lender under this Interim Order or any of the other DIP Financing Documents) or the Prepetition Financing Documents (the provisions of each which are overridden to the extent in conflict herewith) and notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any security interests or liens:

2.6.1 Any and all DIP Liens on the DIP Collateral securing any DIP Obligations now or hereafter held by or on behalf of the DIP Lender or any agent or trustee therefor, regardless of how acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be senior in all respects and prior to any security interest in or lien on the Prepetition Personal Property Collateral securing any Prepetition Indebtedness;

2.6.2 Any and all DIP Liens on the DIP Collateral securing any DIP Obligations shall be and remain senior in all respects and prior to all security interests in or liens on the Prepetition Personal Property Collateral securing any Prepetition Financing Obligations for all purposes, whether or not such DIP Liens securing any DIP Obligations are subordinated to any security interest in or lien on any property securing any other obligation of the Debtors;

2.6.3 Until the DIP Obligations have been indefeasibly paid in full and the commitments of the DIP Lender to make loans and otherwise extend credit under the DIP Financing Documents have been terminated:

a. M&T shall not exercise or seek to exercise any rights or remedies with respect to any of the Prepetition Personal Property Collateral (including the exercise of any right of setoff) or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure);

b. M&T shall not contest, protest or object to any foreclosure proceeding or action brought by the DIP Lender or any other exercise by the DIP Lender of any rights and remedies relating to the Prepetition Personal Property Collateral under this Interim Order or any of the other DIP Financing Documents, or otherwise;

c. M&T shall not object to the forbearance by the DIP Lender from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Prepetition Personal Property Collateral;

d. The DIP Lender shall have the right to enforce rights, exercise remedies (including set-off and the right to credit bid its debt) and make determinations regarding the release, disposition, or restrictions with respect to the Prepetition Personal Property Collateral in a commercially reasonable manner, but without any consultation with or the consent of M&T. In the event that any Prepetition Personal Property Collateral is sold or otherwise disposed of (i) as permitted under this Interim Order or the other DIP Financing Documents (including the exercise of the DIP Lender's rights and remedies hereunder or thereunder) or (ii) in connection with any sale or other disposition that is consented to by the DIP Lender, M&T shall be deemed to have consented to such sale or other disposition and to have released all liens in such Prepetition Personal Property Collateral. In connection with any such sale or other disposition, such Prepetition Personal Property Collateral shall be sold or otherwise disposed of free and clear of all Prepetition Liens, and M&T shall not be entitled to receive any proceeds (cash or noncash) until the DIP Obligations have been indefeasibly paid in full) and the commitments of the DIP Lender to make loans and otherwise extend credit under the DIP Financing Documents have been terminated, provided, however, that this clause 2.6.3.d. shall not

impact M&T's right to receive the proceeds of the Prepetition Personal Property Collateral following the payment in full in cash of the DIP Obligations;

e. In exercising rights and remedies with respect to the Prepetition Personal Property Collateral, the DIP Lender may enforce the provisions of the DIP Financing Documents and exercise remedies thereunder, all in such order and in such manner as the DIP Lender may determine in the exercise of its sole discretion. Such exercise and enforcement shall include the rights of the DIP Lender or its representative to exercise all the rights and remedies of a secured creditor under applicable law and under the Bankruptcy Code and to incur expenses in connection with such exercise;

f. Prepetition Personal Property Collateral or proceeds thereof received in connection with the sale or other disposition thereof or the collection thereof:

(1) so long as an Event of Default (as hereinafter defined) shall not have occurred, shall be utilized by the Debtors or applied to the DIP Obligations, in each case in accordance with the terms of the DIP Financing Documents; provided, that if an Event of Default occurs, such proceeds shall promptly be disbursed, without need of exercise of remedies by the DIP Lender or further order of this Court, first to the DIP Lender, to be applied by the DIP Lender to permanently reduce the DIP Obligations, and, thereafter, delivered to M&T in the same form as received, with any necessary endorsement (without recourse), or as the Court may otherwise direct, to be applied to the Prepetition Financing Obligations in accordance with the Prepetition Financing Documents;

(2) upon the exercise of remedies by the DIP Lender, shall, first, be applied by the DIP Lender to permanently reduce the DIP Obligations and, thereafter, delivered to M&T in the same form as received, with any necessary endorsement (without recourse), or as the Court may otherwise direct, to be applied to the Prepetition Financing Obligations in accordance with the Prepetition Financing Documents; and

(3) if received by M&T, in connection with the exercise of any right or remedy (including set-off) relating to the Prepetition Personal Property Collateral in contravention of this Interim Order or otherwise, shall be segregated and held in trust and forthwith paid over to the DIP Lender in the same form as received, with any necessary endorsement (without recourse), or as the Court may otherwise direct;

g. Notwithstanding the foregoing, M&T may:

(1) file a claim or statement of interest with respect to the Prepetition Financing Obligations to the extent not inconsistent with the provisions of this Interim Order;

(2) take any action (not adverse to the priority status of the DIP Liens on the Prepetition Personal Property Collateral or the rights of the DIP Lender to exercise remedies in respect thereof) in order to create, perfect, preserve or protect its security interests in and liens on the Prepetition Personal Property Collateral;

(3) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of M&T;

(4) file any pleadings, objections, motions or agreements which assert rights or interests available to creditors of the Debtors;

(5) vote on any plan of reorganization, file any proof of claim, make other filings and make any arguments and motions;

(6) exercise any of its rights or remedies with respect to the Prepetition Personal Property Collateral after the DIP Obligations have been indefeasibly paid in full and the commitments of the DIP Lender to make loans and otherwise extend credit under the DIP Financing Documents have been terminated; and

(7) exercise any of its rights or remedies with respect to any of its collateral other than the Prepetition Personal Property Collateral, i.e. the Prepetition Real Property Collateral (acknowledging that such exercise, or the default giving rise to such exercise, may result in an Event of Default under the DIP Financing Documents and this Interim Order); provided, however, that M&T shall provide the DIP Lender with at least five (5) business days' advance written notice of any proceeding or action to enforce the provisions of the Prepetition Financing Documents and shall not restrict in any manner the DIP Lender from accessing to the Debtors' facilities for a commercially reasonable period of time in order to permit the DIP Lender to protect and preserve the Prepetition Personal Property Collateral and to enforce the DIP Lender's rights and remedies with respect thereto.

h. The provisions of this Section 2.6 shall continue to apply in the event that all or any portion of any payment in respect of the DIP Obligations is rescinded or otherwise caused to be returned to the Debtors or turned over to any other party in interest by the DIP Lender, for any reason, and, in such event (a "**Turn Over Event**"), M&T shall immediately,

upon delivery by DIP Lender of written notice to M&T's counsel, remit to the DIP Lender, to the extent of the amount so rescinded, returned or turned over, any proceeds of the Prepetition Personal Property Collateral that M&T may have received prior to such event. For avoidance of doubt, during the existence of a Turn Over Event, the proceeds of the Prepetition Personal Property Collateral shall be applied in accordance with clause 2.6.3(f) above.

Section 3. Authorization to Use Cash Collateral. Subject to the terms and conditions of this Interim Order, pursuant to sections 363(c)(2) of the Bankruptcy Code, the Debtors are authorized to use Cash Collateral in accordance with the DIP Financing Documents. Absent entry of the Final Order by the Court, the Debtors shall no longer be authorized to use Cash Collateral at the expiration of the Interim Period. Nothing in this Interim Order shall be deemed to authorize the use, sale, lease, encumbrance, or disposition of any assets of the Debtors or the Estates outside the ordinary course of business, or any Debtors' use of any Cash Collateral or other proceeds resulting therefrom, except as provided for herein.

3.1 Adequate Protection. As adequate protection for the interests of M&T, on account of the Adequate Protection Obligations in respect of M&T, M&T is being provided with adequate protection (collectively, the "**M&T Adequate Protection**").

3.1.1 M&T Adequate Protection Liens. M&T is hereby granted subordinated, second-priority replacement security interests in, and liens (the "**M&T Adequate Protection Liens**") on the Personal Property DIP Collateral to the extent of the Adequate Protection Obligations, which shall be junior solely to the DIP Liens and the Carve Out.

a. The M&T Adequate Protection Liens shall be deemed to be valid, binding, enforceable and fully perfected as of the Petition Date and, subject to the Final Cash

Collateral Order, not subject to subordination or avoidance, for all purposes in the Cases and subject only to the DIP Liens and the Carve Out.

b. Except for the DIP Liens, and the Carve Out, the M&T Adequate Protection Liens shall not be made subject to or *pari passu* with any lien or security interest by any court order heretofore or hereafter entered in the Cases (unless with the consent of M&T). The M&T Adequate Protection Liens shall not be subject to sections 506(c) (upon entry of the Final Order), 510, 549, or 550 of the Bankruptcy Code. No lien or interest avoided and preserved for the benefit of any estate pursuant to section 551 of the Bankruptcy Code shall be made *pari passu* with or senior to the M&T Adequate Protection Liens.

3.2 M&T Adequate Protection Claims. As further adequate protection, M&T is hereby granted an allowed administrative claim (the "**M&T Adequate Protection Claim**") against the Debtors' Estates under sections 503 and 507(b) of the Bankruptcy Code to the extent that the M&T Adequate Protection Liens do not adequately protect the diminution in the value of the liens and security interests of M&T in the Prepetition Personal Property Collateral, which M&T Adequate Protection Claim shall be subject and subordinate only to the DIP Superpriority Claim and the Carve Out and shall have priority over all other administrative expense claims and unsecured claims against the Debtors or its Estates, which are now existing, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 364, 365, 503(a), 503(b), 506(c) (upon entry of the Final Order), 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), 1113 and 1114 of the Bankruptcy Code.

3.2.1 Interest. As further adequate protection, pursuant to the terms of the Final Cash Collateral Order and the Final Play and Learn DIP Order, M&T shall continue to receive payments of interest on account of the outstanding Prepetition Indebtedness.

3.3 Excepting the Carve Out, in the event that any party (including without limitation M&T) who holds a lien or security interest in any of the DIP Collateral that is junior and/or subordinate to the liens and claims of the DIP Lender in such DIP Collateral, receives or is paid proceeds of the DIP Collateral, as applicable, prior to the indefeasible payment and satisfaction in full of all DIP Obligations, such junior or subordinate lienholder (and including any financial institution where Debtors maintain their bank accounts) shall be deemed to have received, and shall hold, such proceeds in trust for the DIP Lender, as applicable, and shall immediately turnover to the DIP Lender, as applicable, such proceeds for application to the DIP Obligations in accordance with the DIP Financing Documents.

Section 4. Default; Rights and Remedies; Relief from Stay.

4.1 Events of Default. The occurrence of any Event of Default as defined and under the DIP Credit Agreement shall constitute an "**Event of Default**" under this Interim Order.

4.2 Rights and Remedies upon Event of Default/Relief from Stay.

4.2.1 Upon the occurrence of and during the continuance of an Event of Default, after written notice to the Debtors and Debtors' counsel (and Committee's Counsel), and without the necessity of seeking relief from the automatic stay or any further Order of the Bankruptcy Court (i) the DIP Lender shall no longer have any obligation to make any advances or Revolving Loans under the DIP Facility, (ii) the DIP Lender may continue to apply proceeds received in any lockbox or collection account to reduce the DIP Obligations, (iii) the DIP Lender may declare all DIP Obligations to be immediately due and payable and (iv) the Debtors' right to use

Cash Collateral shall be terminated upon notice to the Debtor, M&T, the Committee and the U.S. Trustee.

4.2.2 Subject to the notice requirement set forth below, the DIP Lender shall be entitled to take any act or exercise any other right or remedy as provided in this Interim Order, the DIP Financing Documents or applicable law, including, without limitation, setting off any DIP Obligations with DIP Collateral or proceeds wherever located, and enforcing any and all rights with respect to the DIP Collateral, provided, however, that with respect to the Prepetition Real Property Collateral, such rights are subject to the Siena/M&T Subordination Agreement and the Siena/Play and Learn Subordination Agreement.

4.2.3 Without further notice, application or order of this Court, upon the occurrence and during the continuance of an Event of Default, and after providing five (5) business days' prior written notice thereof to counsel for the Debtor, M&T, counsel for the Committee, and the U.S. Trustee, the DIP Lender shall be entitled to take any action and exercise all rights and remedies (including charging the default rate of interest) provided to them by this Interim Order or the DIP Financing Documents or applicable law as the DIP Lender may deem appropriate in its sole discretion to, among other things, proceed against and realize upon the DIP Collateral or any other assets or properties of the Debtors' Estates upon which the DIP Lender has been or may hereafter be granted liens or security interests to obtain the full and indefeasible payment of all the DIP Obligations, provided, however, that with respect to the Prepetition Real Property Collateral, such rights are subject to the Siena/M&T Subordination Agreement and the Siena/Play and Learn Subordination Agreement.

4.2.4 Additionally, at the election of the DIP Lender and upon the occurrence and during the continuance of an Event of Default and the exercise by the DIP

Lender of its rights and remedies under this Interim Order or the DIP Financing Documents, provided that the Debtors, M&T and the DIP Lender agree upon an acceptable wind down budget, the Debtors shall assist the DIP Lender in effecting any sale or other disposition of the DIP Collateral required by the DIP Lender, including any sale of DIP Collateral pursuant to section 363 of the Bankruptcy Code or assumption and assignment of DIP Collateral consisting of contracts and leases pursuant to section 365 of the Bankruptcy Code, in each case, upon such terms that are designed to maximize the proceeds obtainable from such sale or other disposition that are otherwise acceptable to the DIP Lender, and the Debtors shall fully cooperate with the DIP Lender in its exercise of rights and remedies, provided that all of the foregoing is consistent with the Debtors' exercise of their fiduciary duties.

4.2.5 Upon and after the occurrence of an Event of Default, and subject to the five business day notice provision provided above, in connection with a liquidation of any of the DIP Collateral, the DIP Lender (or any of its employees, agents, consultants, contractors or other professionals) shall have the right with any fees and costs to be charged in accordance with the DIP Financing Documents, to: (i) upon the entry of the Final Order, enter upon, occupy and use any real or personal property, fixtures, equipment, or leasehold interests owned or leased by the Debtors; provided that prior to entry of the Final Order, the DIP Lender may be permitted to do so in accordance with the Debtors' prepetition landlords' waivers and (ii) use any and all trademarks, tradenames, copyrights, licenses, patents or any other similar assets of the Debtors, which are owned by or subject to a lien of any third party and which are used by the Debtors in their businesses. The DIP Lender will be responsible for the payment of any applicable fees, rentals, royalties or other amounts due such lessor, licensor or owner of such property (other than the Debtor) for the period of time that the DIP Lender actually uses the equipment or the

intellectual property (but in no event for any accrued and unpaid fees, rentals or other amounts due for any period prior to the date that the DIP Lender actually occupies or uses such assets or properties).

4.2.6 The rights and remedies of the DIP Lender specified herein are cumulative and not exclusive of any rights or remedies that the DIP Lender may have under the DIP Financing Documents or otherwise. The fourteen day stay provisions of Federal Rules of Bankruptcy Procedure 6004(h) and 4001(a)(3) are hereby waived.

4.3 Expiration of Commitment/Relief from Stay. Upon the expiration of the Debtors' authority to borrow and obtain other credit accommodations from the DIP Lender pursuant to the terms of this Interim Order (except if such authority shall be extended with the prior written consent of the DIP Lender, which consent shall not be implied or construed from any action, inaction or acquiescence by the DIP Lender) or upon the earlier of the Maturity Date and the Termination Date (each as defined in the DIP Credit Agreement), unless an Event of Default occurs sooner and the automatic stay has been lifted or modified as provided herein, all of the DIP Obligations shall immediately become due and payable and the DIP Lender shall be automatically and completely relieved from the effect of any stay under Section 362 of the Bankruptcy Code, any other restriction on the enforcement of its liens upon and security interests in the DIP Collateral or any other rights granted to the DIP Lender pursuant to the terms and conditions of the DIP Financing Documents or this Interim Order, and the DIP Lender, shall be and is hereby authorized, in its sole discretion, to take any and all actions and remedies provided to it in this Interim Order, the DIP Financing Documents or applicable law which the DIP Lender may deem appropriate and to proceed against and realize upon the DIP Collateral or any other property of the Debtors' Estates.

Section 5. Representations; Covenants; and Waivers.

5.1 Debtors' Waivers. At all times during the Cases, and whether or not an Event of Default has occurred, unless otherwise consented to by the DIP Lender in writing in advance (and no such consent shall be implied from any other action, inaction or acquiescence by the DIP Lender), each Debtor irrevocably waives any right it may have to seek authority: (i) without the written consent of the DIP Lender; to use Cash Collateral of the DIP Lender under Section 363 of the Bankruptcy Code except as provided under the terms of the DIP Financing Documents and this Interim Order; (ii) until all DIP Obligations are indefeasibly paid and satisfied in full, to obtain post-petition loans or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy Code, other than from the DIP Lender; (iii) upon entry of the Final Order, to challenge the application of any payments authorized by this Interim Order as pursuant to Section 506(b) of the Bankruptcy Code, or to assert that the value of the DIP Collateral is less than the DIP Obligations; (iv) to propose or support a plan of reorganization that does not provide for the indefeasible payment in full and satisfaction of all DIP Obligations on the effective date of such plan; or (v) to seek relief under the Bankruptcy Code, including without limitation, under Section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of the DIP Lender as provided in this Interim Order or the DIP Financing Documents or the DIP Lender's exercise of such rights or remedies.

5.2 Section 506(c) Claims. Effective upon the entry of a Final Order approving the Motion, no costs or expenses of administration which have or may be incurred in the Cases at any time shall be charged against the DIP Lender, its respective claims or the DIP Collateral pursuant to Section 506(c) of the Bankruptcy Code without the prior written consent of the DIP

Lender (and no such consent shall be implied from any other action, inaction or acquiescence by the DIP Lender).

5.3 Release. Upon the indefeasible payment in full of all DIP Obligations owed to the DIP Lender by the Debtors and termination of the rights and obligations arising under this Interim Order and the DIP Financing Documents (which payment and termination shall be on terms and conditions acceptable to the DIP Lender), the DIP Lender shall be released from any and all obligations, liabilities, actions, duties, responsibilities and causes of action arising or occurring in connection with or related to the DIP Financing Documents or this Interim Order, including, without limitation, any obligation or responsibility whether direct or indirect, absolute or contingent, due or not due, primary or secondary, liquidated or unliquidated, on terms and conditions acceptable to the DIP Lender.

Section 6. Other Rights and Obligations.

6.1 No Modification or Stay of this Interim Order. Based upon the record presented to the Court by the Debtors, notwithstanding (i) any stay, modification, amendment, supplement, vacating, revocation or reversal of this Interim Order, the DIP Financing Documents or any term hereunder or thereunder, (ii) the failure to obtain a Final Order pursuant to Bankruptcy Rule 400l(c)(2), or (iii) the dismissal or conversion of the Case, the DIP Lender shall be entitled to all of the rights, remedies, privileges, and benefits in favor of the DIP Lender pursuant to Section 364(e) of the Bankruptcy Code and the Interim Order and DIP Financing Documents.

6.2 Power to Waive Rights; Duties to Third Parties. The DIP Lender shall have the right to waive any of the terms, rights and remedies provided or acknowledged in this Interim Order in respect of the DIP Lender (the "**Lender Rights**"), and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce,

any Lender Right(s). Any waiver by the DIP Lender of any Lender Rights shall not be or constitute a continuing waiver. Any delay in or failure to exercise or enforce any Lender Right shall neither constitute a waiver of such Lender Right, nor cause or enable any other party to rely upon or in any way seek to assert as a defense to any obligation owed by the Debtors to the DIP Lender.

6.3 Disposition of Collateral. Other than allowable under the terms of the Budget and this Interim Order, the Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the DIP Collateral without an order of this Court and the consent of the DIP Lender, except as otherwise permitted in the DIP Credit Agreement, and nothing contained herein shall affect the option to purchase a portion of the Prepetition Real Property Collateral previously granted to Play and Learn. The proceeds of the sale of any Personal Property DIP Collateral shall be remitted to the DIP Lender for application to the DIP Obligations and the proceeds of the Prepetition Real Property Collateral shall be remitted as follows: first, to M&T to satisfy the Prepetition Indebtedness; second, to Play and Learn to satisfy the obligations arising from the Play and Learn DIP Facility; and third, to the DIP Lender to satisfy the DIP Obligations.

6.4 Reservation of Rights. The terms, conditions and provisions of this Interim Order are in addition to and without prejudice to the rights of the DIP Lender to pursue any and all rights and remedies under the Bankruptcy Code, the DIP Financing Documents, or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for use of cash collateral or granting of any interest in the DIP Collateral or priority in favor of any other party, to object to any sale of assets, and to object

to applications for allowance and/or payment of compensation of any professionals appointed under Section 327 or 1103(a) of the Bankruptcy Code or other parties seeking compensation or reimbursement from the Estates.

6.5 Modification of the Automatic Stay. The automatic stay under Section 362(a) of the Bankruptcy Code is hereby modified as necessary to effectuate all of the terms and provisions of this Interim Order and the DIP Financing Documents, including without limitation the application of collections, authorization to make payments, granting of liens and perfection of liens.

6.6 Binding Effect.

6.6.1 The provisions of this Interim Order, the DIP Financing Documents, the DIP Obligations, the DIP Superpriority Claim, M&T Adequate Protection Liens, M&T Adequate Protection Claims and any and all rights, remedies, privileges and benefits in favor of the DIP Lender or M&T provided or acknowledged in this Interim Order, and any actions taken pursuant thereto, shall be effective immediately upon entry of this Interim Order pursuant to Bankruptcy Rules 6004(g) and 7062, shall continue in full force and effect, and shall survive entry of any such other order, including without limitation any order which may be entered confirming any plan of reorganization, converting the Cases to any other chapter under the Bankruptcy Code, or dismissing the Case.

6.6.2 Any order dismissing the Cases under Section 1112 or otherwise shall be deemed to provide (in accordance with Sections 105 and 349 of the Bankruptcy Code) that (a) the DIP Lender's liens on and security interests in the DIP Collateral shall maintain their priority and continue in full force and effect notwithstanding such dismissal until the DIP Obligations are indefeasibly paid and satisfied in full, and (b) this Court shall retain jurisdiction, to the extent

permissible under applicable law, notwithstanding such dismissal, for the purposes of enforcing the DIP Superpriority Claim and DIP Liens of the DIP Lender and the M&T Adequate Protection Liens and the M&T Adequate Protection Claims in the DIP Collateral.

6.6.3 In the event this Court modifies any of the provisions of this Interim Order or the DIP Financing Documents following a Final Hearing; (a) the Final Order shall provide such modifications shall not affect the rights or priorities of any portion of the DIP Obligations which arises or is incurred or is advanced prior to such modifications; and (b) this Interim Order shall remain in full force and effect except as specifically amended or modified at such Final Hearing.

6.6.4 This Interim Order shall be binding upon the Debtors, their Estates, all parties in interest in the Cases and their respective successors and assigns, including any trustee or other fiduciary appointed in the Cases or any subsequently converted bankruptcy case(s) of the Debtors (collectively, the "**Successor Case**") and shall inure to the benefit of the DIP Lender, M&T, the Debtors and their successors and assigns.

6.7 Marshalling. In no event shall the DIP Lender be subject to the equitable doctrine of "marshalling" or any similar doctrine with respect to the DIP Collateral.

6.8 Credit Bidding Rights. The DIP Lender shall have the right to credit bid the DIP Obligations in connection with any sale of the assets.

6.9 Waiver of Bankruptcy Rule 4001(a)(3), 6003(b), 6004(a) and 6004(h). The 21 day provision of Bankruptcy Rule 6003(b), the notice requirements of Bankruptcy Rule 6004(a) and the 14 day stay of 4001(a)(3) and 6004(h) are hereby waived.

6.10 Conflicts Between This Interim Order and Other Documents. Unless this Interim Order specifically provides otherwise, in the event of a conflict between (a) the terms and

provisions of the DIP Financing Documents or (b) the terms and provisions of this Interim Order, then in each case the terms and provisions of this Interim Order shall govern. Notwithstanding anything to the contrary in this Interim Order, in the event of any conflict between this Interim Order and either the Siena/M&T Subordination Agreement or the Siena/Play and Learn Subordination Agreement regarding the Prepetition Real Property Collateral, the terms and provisions of the Siena/M&T Subordination or the Siena/Play and Learn Subordination Agreement shall govern, as applicable.

6.11 Objections Overruled. All objections to the entry of this Interim Order are, to the extent not withdrawn, hereby overruled.

6.12 No Third Party Rights. Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

6.13 Terms of the DIP Financing Documents. Notwithstanding any provision of this Interim Order to the contrary, the term of the financing arrangements among the Debtors and the DIP Lender authorized by this Interim Order may be terminated pursuant to the terms of the DIP Financing Documents.

Section 7. Final Hearing and Response Dates.

The Final Hearing on the Motion pursuant to Bankruptcy Rule 4001(c)(2) is scheduled for September 20, 2017 before this Court beginning at 11:00 a.m., prevailing Eastern time. The Debtors shall promptly mail copies of this Interim Order to the Noticed Parties, and to any other party that has filed a request for notices with this Court and to counsel to the creditors committee. Any party in interest objecting to the relief sought at the Final Hearing shall serve and file written objections, which objections shall be served upon (a) counsel for the Debtor,

Dilworth Paxson LLP, 1500 Market Street, Philadelphia, PA, 19102, Attn: Lawrence G. McMichael, Esq. and Peter C. Hughes, Esq.; (b) counsel for the DIP Lender, Blank Rome LLP, One Logan Square, 130 N. 18th Street, Philadelphia, PA 19103, Attn: Joel Charles Shapiro, Esq. and Josef W. Mintz, Esq.; (c) counsel to the Creditors' Committee, Cullen and Dykman LLP, One Riverfront Plaza, Newark, NJ 07102, Attn: S. Jason Teele, Esq. and Bonnie Pollack, Esq.; (d) counsel to M&T, Reed Smith LLP, Three Logan Square, 1717 Arch Street, Suite 3100, Philadelphia, PA 19103, Attn: Peter S. Clark, II, Esq. and Jennifer P. Knox, Esq.; (e) Counsel to Play and Learn, Flaster/Greenberg, P.C., 1835 Market Street, Suite 1050, Philadelphia, PA 19103, Attn: William J. Burnett, Esq.; and (f) the U.S. Trustee; and shall be filed with the Clerk of the United States Bankruptcy Court for the Eastern District of Pennsylvania, in each case, to allow actual receipt of the foregoing no later than September 15, 2017.

Dated: _____
Philadelphia, PA

_____
HON. ASHELY M. CHAN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

BUDGET

Wordsworth Academy
Cash Flow Forecast & Actuals

	Actual W/E 08/05/17	Actual W/E 08/12/17	Actual W/E 08/19/17	Forecast W/E 08/26/17	Forecast W/E 09/02/17	Forecast W/E 09/09/17	Forecast W/E 09/16/17	Forecast W/E 09/23/17	Forecast W/E 09/30/17	Forecast W/E 10/07/17	Forecast W/E 10/14/17	Forecast W/E 10/21/17	Forecast W/E 10/28/17	Forecast W/E 11/04/17	Forecast W/E 11/11/17	Forecast W/E 11/18/17	Total
Deposits																	
CBH / Other MCOs	39,033	190,835	27,163	300,000	50,000	275,000	50,000	300,000	50,000	275,000	50,000	300,000	50,000	275,000	50,000	300,000	2,325,000
PA DOE	-	-	-	-	658,051				658,051	-	-	-	658,051	-	-	-	1,974,153
DHS - Regular & CUA Payments	31,315	58,346	-	60,000	100,000	30,000	30,000	100,000	30,000	30,000	100,000	30,000	30,000	30,000	30,000	100,000	700,000
DHS - CUA		3,829,561	-	-	-	1,500,000	-	-	-	-	1,500,000	-	-	-	1,500,000	-	4,500,000
SD of Philadelphia	495,855		13,000	438,675							300,000	-	-	-	300,000	-	1,038,675
Other Misc School Districts	33,910	57,580	80,330	90,000	70,000	70,000	70,000	90,000	70,000	70,000	70,000	90,000	70,000	70,000	70,000	70,000	970,000
Acute Partial Hospital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc Deposits	966	58,544	2,834	10,000	10,000	30,000	10,000	10,000	10,000	30,000	10,000	10,000	10,000	10,000	30,000	30,000	210,000
Total Deposits	**601,079**	**4,189,866**	**123,326**	**898,675**	**888,051**	**1,905,000**	**160,000**	**500,000**	**818,051**	**405,000**	**2,030,000**	**430,000**	**818,051**	**385,000**	**1,980,000**	**500,000**	**11,717,828**
Operating Disbursements																	
Payroll	-	(939,966)	-	(935,854)	-	(926,454)	-	(926,454)	-	(926,454)	-	(926,454)	-	(926,454)	-	(926,454)	(6,494,578)
403(b) Payment	(12,118)		(11,779)		(14,000)		(14,000)		(14,000)		(14,000)	-	(14,000)	-	(14,000)	-	(84,000)
Credit Cards (M&T)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debit Cards (TD Bank)	-	-	-	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(32,500)
FSA Transfer	(1,500)	(1,514)	(7,900)	(10,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(34,000)
Employee Expenses	(34,765)	(10,471)	(11,993)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(260,000)
Petty Cash	(12,099)	(6,132)	(6,855)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(65,000)
Foster Care	(45,816)	(49,785)	(47,514)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(468,000)
CUA Subcontractors	(48,746)	-	(887,115)	(500,000)	(500,000)	-	(500,000)	(500,000)	(500,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(4,250,000)
Benefits	-	-	(7,048)	(294,500)	-	-	(10,000)	-	(294,500)	-	(10,000)	-	(294,500)	-	-	(10,000)	(913,500)
Insurance		-	(224,193)				(235,000)			-	(235,000)	-	-	-	(235,000)	-	(705,000)
Operating	(11,986)	(51,917)	(84,078)	(75,000)	(150,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(1,325,000)
Acute Partial Hospital Expenses																	
Rent	-	(132,795)	(55,000)		(106,600)					(106,600)				(106,600)			(319,800)
Staffing	-	(91,178)	(57,613)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(650,000)
Utilities	-	(28,849)	(47,099)	(5,000)	(5,000)	(15,000)	(47,000)	(5,000)	(5,000)	(15,000)	(15,000)	(47,000)	(15,000)	(15,000)	(15,000)	(47,000)	(251,000)
Professional	-	-	-	(2,325)	(2,325)	(2,325)	(2,325)	(7,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(2,325)	(35,925)
Total Operating Disbursements	**(167,030)**	**(1,312,607)**	**(1,448,186)**	**(1,936,179)**	**(893,425)**	**(1,159,279)**	**(1,023,825)**	**(1,654,279)**	**(1,031,325)**	**(1,515,879)**	**(741,825)**	**(1,441,279)**	**(791,325)**	**(1,515,879)**	**(731,825)**	**(1,451,279)**	**(15,887,803)**
Net Operating Cash Flow	434,049	2,877,259	(1,324,860)	(1,037,504)	(5,374)	745,721	(863,825)	(1,154,279)	(213,274)	(1,110,879)	1,288,175	(1,011,279)	26,726	(1,130,879)	1,248,175	(951,279)	(4,169,925)
Non-Operating and Restructuring Disbursements																	
Term Loan (P&I)	(18,931)	-	-	-	(19,000)					(19,000)				(19,000)			(57,000)
LOC Interest / Bank Fees	-	-	-	(2,500)	-	-	(2,500)	-	-	-	(2,500)	-	-	-	-	(2,500)	(10,000)
New Term Debt Interest				(4,375)	(8,750)					(8,750)				(8,750)			(30,625)
New LOC Interest										(1,000)				(10,092)			(11,092)
New Bank Fees						(100,000)				(4,000)				(2,033)			(106,033)
Professional Fees - Restructuring	-	-	-	-	-	-	-	-	(315,000)	-	-	-	-	(340,000)	-	-	(655,000)
PHMC Management Fee				(117,127)					(117,127)					(117,127)			(351,381)
Trustee Fees												(20,000)					(20,000)
Adjustments	36,623	3,818	15,517														-
Total Non-Operating & Chap 11 Disb	**17,692**	**3,818**	**15,517**	**(124,002)**	**(27,750)**	**(100,000)**	**(2,500)**	**-**	**(432,127)**	**(32,750)**	**(2,500)**	**(20,000)**	**-**	**(497,002)**	**-**	**(2,500)**	**(1,241,131)**
Total Disbursements	(149,338)	(1,308,789)	(1,432,669)	(2,060,181)	(921,175)	(1,259,279)	(1,026,325)	(1,654,279)	(1,463,452)	(1,548,629)	(744,325)	(1,461,279)	(791,325)	(2,012,881)	(731,825)	(1,453,779)	(17,128,734)
Weekly Net Cash Flow	**451,741**	**2,881,077**	**(1,309,343)**	**(1,161,506)**	**(33,124)**	**645,721**	**(866,325)**	**(1,154,279)**	**(645,401)**	**(1,143,629)**	**1,285,675**	**(1,031,279)**	**26,726**	**(1,627,881)**	**1,248,175**	**(953,779)**	**(5,410,906)**
W/E Balance	**1,126,167**	**4,007,244**	**2,697,901**	**1,536,395**	**1,503,271**	**2,148,992**	**1,282,667**	**128,388**	**(517,013)**	**(1,660,642)**	**(374,967)**	**(1,406,246)**	**(1,379,520)**	**(3,007,401)**	**(1,759,226)**	**(2,713,005)**	**(2,713,005)**

Wordsworth Academy
Cash Flow Forecast & Actuals

	Actual W/E 08/05/17	Actual W/E 08/12/17	Actual W/E 08/19/17	Forecast W/E 08/26/17	Forecast W/E 09/02/17	Forecast W/E 09/09/17	Forecast W/E 09/16/17	Forecast W/E 09/23/17	Forecast W/E 09/30/17	Forecast W/E 10/07/17	Forecast W/E 10/14/17	Forecast W/E 10/21/17	Forecast W/E 10/28/17	Forecast W/E 11/04/17	Forecast W/E 11/11/17	Forecast W/E 11/18/17	Total
Accounts Receiveable																	
Credible New Billings	202,745	179,923	172,888	150,433	305,239	341,583	402,919	425,053	392,982	392,982	377,103	416,839	392,982	392,982	377,103	377,103	4,541,085
Other New Billings	658,051	70,379	1,439,297	117,650	713,301	15,000	1,500,000	16,121	66,142	672,922	1,500,000	16,121	16,121	672,922	16,121	1,500,000	6,761,718
Total New Billings	**860,796**	**250,302**	**1,612,185**	**268,083**	**1,018,540**	**356,583**	**1,902,919**	**441,174**	**459,124**	**1,065,904**	**1,877,103**	**432,960**	**409,103**	**1,065,904**	**393,224**	**1,877,103**	**11,302,803**
Credible Adjustments	(772)	(3,145)	(6,418)	(21,182)	(1,081)	(2,373)	(2,248)	(1,082)	(39,834)	(385)	(2,053)	(48,356)	(1,082)	(385)	(2,053)	(2,053)	(128,531)
Other Adjustments																	-
Total Adjustments	**(772)**	**(3,145)**	**(6,418)**	**(21,182)**	**(1,081)**	**(2,373)**	**(2,248)**	**(1,082)**	**(39,834)**	**(385)**	**(2,053)**	**(48,356)**	**(1,082)**	**(385)**	**(2,053)**	**(2,053)**	**(128,531)**
Total Payments	**600,596**	**4,160,594**	**121,909**	**893,675**	**883,051**	**1,890,000**	**155,000**	**495,000**	**813,051**	**390,000**	**2,025,000**	**425,000**	**813,051**	**380,000**	**1,965,000**	**485,000**	**11,249,738**
AR Balance	**7,487,435**	**3,573,997**	**5,057,855**	**4,411,081**	**4,545,489**	**3,009,698**	**4,755,369**	**4,700,461**	**4,306,700**	**4,982,219**	**4,832,269**	**4,791,872**	**4,386,842**	**5,072,361**	**3,498,532**	**4,888,582**	**3,498,532**
Line of Credit Availability																	
Accounts Receivable - Gross	7,487,435	3,573,997	5,057,855	4,411,081	4,545,489	3,009,698	4,755,369	4,700,461	4,306,700	4,982,219	4,832,269	4,791,872	4,386,842	5,072,361	3,498,532	4,888,582	
Less: Ineligibles	(1,018,291)	(486,064)	(687,868)	(599,907)	(618,186)	(409,319)	(646,730)	(639,263)	(585,711)	(677,582)	(657,189)	(651,695)	(596,611)	(689,841)	(475,800)	(664,847)	
Accounts Receivable - Net	6,469,143	3,087,934	4,369,987	3,811,174	3,927,302	2,600,379	4,108,639	4,061,199	3,720,989	4,304,637	4,175,080	4,140,178	3,790,231	4,382,520	3,022,731	4,223,734	
Advance Rate - 80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Availability	**5,175,315**	**2,470,347**	**3,495,989**	**3,048,939**	**3,141,842**	**2,080,303**	**3,286,911**	**3,248,959**	**2,976,791**	**3,443,710**	**3,340,064**	**3,312,142**	**3,032,185**	**3,506,016**	**2,418,185**	**3,378,988**	
Less Reserves:																	
Professional Fees						(50,000)	(50,000)	(50,000)	(100,000)	(100,000)	(100,000)	(150,000)	(175,000)	(175,000)	(175,000)	(175,000)	
US Trustee Fees						(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	
Net Availability						**2,000,303**	**3,206,911**	**3,168,959**	**2,846,791**	**3,313,710**	**3,210,064**	**3,132,142**	**2,827,185**	**3,301,016**	**2,213,185**	**3,173,988**	
Line of Credit																	
Opening Balance	-	-	-	-	-	-	-	-	-	645,401	1,789,030	503,355	1,534,634	1,507,908	3,135,789	1,887,614	
Advances	-	-	-	-	-	1,259,279	1,026,325	371,612	1,463,452	1,548,629	744,325	1,461,279	791,325	2,012,881	731,825	1,453,779	
Repayments	-	-	-	-	-	1,905,000	160,000	500,000	818,051	405,000	2,030,000	430,000	818,051	385,000	1,980,000	500,000	
Adjustments	-	-	-	-	-	645,721	(866,325)	128,388	-	-	-	-	-	-	-	-	
Ending Balance	-	-	-	-	-	-	-	-	645,401	1,789,030	503,355	1,534,634	1,507,908	3,135,789	1,887,614	2,841,393	
Excess/(Deficity) Availability	**5,175,315**	**2,470,347**	**3,495,989**	**3,048,939**	**3,141,842**	**2,000,303**	**3,206,911**	**3,168,959**	**2,201,390**	**1,524,680**	**2,706,709**	**1,597,508**	**1,319,277**	**165,227**	**325,571**	**332,595**	

Wordsworth Academy
Cash Flow Forecast & Actuals

	Actual W/E 08/05/17	Actual W/E 08/12/17	Actual W/E 08/19/17	Forecast W/E 08/26/17	Forecast W/E 09/02/17	Forecast W/E 09/09/17	Forecast W/E 09/16/17	Forecast W/E 09/23/17	Forecast W/E 09/30/17	Forecast W/E 10/07/17	Forecast W/E 10/14/17	Forecast W/E 10/21/17	Forecast W/E 10/28/17	Forecast W/E 11/04/17	Forecast W/E 11/11/17	Forecast W/E 11/18/17	Total
Professional Fees - Restructuring					-												
Weekly Estimated Expense:																	
DANEKER, DAVID ESQUIRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DONLIN ROCANO	5,000	5,000	5,000	5,000	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-	35,000
GETZLER HENRICH	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	160,000
DILWORTH PAXSON LLP	40,000	30,000	30,000	25,000	25,000	25,000	25,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	280,000
Creditor Committee Professionals	22,222	22,222	22,222	22,222	22,222	22,222	22,222	22,222	22,222	17,308	17,308	17,308	17,308	17,308	17,308	17,308	254,488
Total Weekly Expense	82,222	72,222	72,222	67,222	67,222	62,222	67,222	57,222	62,222	47,308	52,308	47,308	52,308	47,308	52,308	47,308	729,488
Payments:																	
DANEKER, DAVID ESQUIRE	-	-	-	-	-	-	-	-	-								-
DONLIN ROCANO	-	-	-	-	-	-	-	-	15,000					15,000			30,000
GETZLER HENRICH	-	-	-	-	-	-	-	-	100,000					75,000			175,000
DILWORTH PAXSON LLP	-	-	-	-	-	-	-	-	150,000					150,000			300,000
Creditor Committee Professionals	-	-	-	-	-	-	-	-	50,000					100,000			150,000
Total Payments	-	-	-	-	-	-	-	-	315,000					340,000			655,000
Accrued Estimated Outstanding Bal	**294,722**	**366,944**	**439,166**	**506,388**	**573,610**	**635,832**	**703,054**	**760,276**	**507,498**	**554,806**	**607,114**	**654,422**	**706,730**	**414,038**	**466,346**	**513,654**	**513,654**

EXHIBIT 2

DIP CREDIT AGREEMENT

DEBTOR-IN-POSSESSION LOAN AND SECURITY AGREEMENT

Dated as of September [___], 2017

between

SIENA LENDING GROUP LLC,

as Lender,

and

WORDSWORTH ACADEMY
WORDSWORTH CUA 5, LLC
WORDSWORTH CUA 10, LLC

as Borrowers

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Debtor-in-Possession Loan and Security Agreement

Pursuant to Section 364(c) and (d) of the Bankruptcy Code, this Debtor-in-Possession Loan and Security Agreement (as it may be amended, restated or otherwise modified from time to time, this "***Agreement***") is entered into as of September [__], 2017 among (1) SIENA LENDING GROUP LLC, together with its successors and assigns ("***Lender***") and (2) Wordsworth Academy, a Pennsylvania non-profit corporation, as debtor-in-possession ("***Borrower 1***"), Wordsworth CUA 5, LLC, a Pennsylvania non-profit limited liability company, as debtor-in-possession ("***Borrower 2***") and Wordsworth CUA 10, LLC, a Pennsylvania non-profit limited liability company, as debtor-in-possession ("***Borrower 3***" and together with Borrower 1 and Borrower 2 and any other Person why from time to time becomes a borrower hereunder, individually and collectively as the context may require, "***Borrower***"). The Schedules and Exhibits to this Agreement are an integral part of this Agreement and are incorporated herein by reference. Terms used, but not defined elsewhere, in this Agreement are defined in Schedule B.

RECITALS

A. Borrowers filed a voluntary petition for relief on June 30, 2017 (the "***Petition Date***") under Chapter 11 of the Bankruptcy Code, resulting in Bankruptcy Case No. 17-14463(AMC) (the "***Case***") before the United States Bankruptcy Court for the Eastern District of Pennsylvania (together with any other court having jurisdiction over the Case, the "***Bankruptcy Court***"). Borrowers remain in possession of their assets and are operating their respective businesses as a debtors-in-possession under Chapter 11 of the Bankruptcy Code.

B. Borrowers have requested that during the Case, Lender make loans, advances and extensions of credit in an aggregate amount up to $5,000,000 on a senior secured, superpriority basis, pursuant to, inter alia, Section 364(c) and (d) of the Bankruptcy Code.

C. Lender is willing to provide loans and advances to Borrowers on a senior secured, superpriority basis on the terms and subject to the conditions of this Agreement, so long as such post-petition credit obligations are (i) secured by Liens on all of the assets, property and interests, real and personal, tangible and intangible, of the Loan Party Obligors, whether now owned or hereafter acquired, which liens are superior to all other liens (other than Permitted Priority Liens and the Carve-Out) pursuant to Sections 364(c) and (d) of the Bankruptcy Code; and (ii) given priority over any administrative expenses of the kind specified in the Bankruptcy Code, including without limitation, Sections 105, 326, 328, 330, 331, 364(c)(1), 365, 503(b), 506(c) (upon entry of the Final Order), 507, 546(c), 726 and 1114 of the Bankruptcy Code, as provided in the Interim Order, all as more fully set forth in this Agreement and the other Loan Documents.

IN CONSIDERATION of the foregoing Recitals, which are incorporated into the operative provisions of this Agreement by this reference, the mutual covenants and undertakings herein contained, each Borrower (acting for itself and as a debtor-in-possession in the Case) and Lender hereby agree as follows:

1. LOANS.

1.1 Amount of Loans.

(a) **Revolving Loans.** Subject to the terms and conditions contained in this Agreement, including Sections 1.3 and 1.6, Lender shall, from time to time prior to the Maturity Date, at Borrowing Agent's request, make revolving loans to Borrower ("***Revolving Loans***"); ***provided***, that after

giving effect to each such Revolving Loan, (A) the outstanding balance of all Revolving Loans will not exceed the lesser of (x) the Maximum Revolving Facility Amount and (y) the Borrowing Base, and (B) none of the other Loan Limits for Revolving Loans will be exceeded. All Revolving Loans shall be made in and repayable in Dollars.

1.2 Reserves Regarding Revolving Loans. Lender may, with or without notice to Borrowing Agent, from time to time establish and revise reserves against the Borrowing Base and/or the Maximum Revolving Facility Amount in such amounts and of such types as Lender deems appropriate in its Permitted Discretion ("***Reserves***"). Such Reserves shall be available for Borrowing Agent to view in Passport 6.0 simultaneously with the imposition thereof; ***provided***, that Lender shall endeavor to provide email notice advising Borrowing Agent of such Reserves prior to or simultaneously with the imposition of such Reserves; ***provided, further*** that Lender shall have no liability for failing to provide such email notice. Without limiting the foregoing, references to Reserves shall include the Dilution Reserve, the Trustee Fee Reserve and the Designated Professional Fees Reserve. In no event shall the establishment of a Reserve in respect of a particular actual or contingent liability obligate Lender to make advances to pay such liability or otherwise obligate Lender with respect thereto.

1.3 Protective Advances. Any contrary provision of this Agreement or any other Loan Document notwithstanding, Lender is hereby authorized by Borrower at any time, regardless of (a) the existence of a Default or an Event of Default, (b) whether any of the other applicable conditions precedent set forth in Section 1.6 hereof have not been satisfied or the commitment of Lender to make Loans hereunder has been terminated for any reason, or (c) any other contrary provision of this Agreement, to make (in its Permitted Discretion prior to the occurrence and continuance of an Event of Default) Revolving Loans to, or for the benefit of, Borrower that Lender, in its sole discretion, deems necessary or desirable) to preserve or protect the Collateral, or any portion thereof, (ii) to enhance the likelihood of, or maximize the amount of, repayment of the Loans and other Obligations, or (iii) to pay any other amount chargeable to Borrowers pursuant to the terms of this Agreement (the "***Protective Advances***"). Any contrary provision of this Agreement or any other Loan Document notwithstanding, Lender may direct the proceeds of any Protective Advance to Borrower or to such other Person as Lender determines in its sole discretion. All Protective Advances shall be payable immediately upon demand.

1.4 Notice of Borrowing; Manner of Revolving Loan Borrowing. Borrowing Agent shall request each Revolving Loan by an Authorized Officer submitting such request via Passport 6.0 (or, if requested by Lender, by delivering, in writing or via an Approved Electronic Communication, a Notice of Borrowing substantially in the form of Exhibit A hereto) (each such request a "***Notice of Borrowing***"). Subject to the terms and conditions of this Agreement, including Sections 1.1 and 1.6, Lender shall, except as provided in Section 1.3, deliver the amount of the Revolving Loan requested in the Notice of Borrowing for credit to any account of Borrower at a bank in the United States of America as Borrowing Agent may specify (***provided*** that such account must be one identified on Section 3 of the Disclosure Schedule and approved by Lender as an account to be used for funding of loan proceeds) by wire transfer of immediately available funds (i) on the same day if the Notice of Borrowing is received by Lender on or before 11:00 a.m. Eastern Time on a Business Day, or (ii) on the immediately following Business Day if the Notice of Borrowing is received by Lender after 11:00 a.m. Eastern Time on a Business Day, or is received by Lender on any day that is not a Business Day. Lender shall charge to the Revolving Loan Lender's usual and customary fees for the wire transfer of each Loan.

1.5 [Reserved].

1.6 Conditions of Making the Loans. Lender's obligation to make any Loan to be issued under this Agreement is subject to the following conditions precedent (as well as any other conditions set forth in this Agreement or any other Loan Document), all of which must be satisfied in a manner

acceptable to Lender (and as applicable, pursuant to documentation which in each case is in form and substance acceptable to Lender) as of each day that such Loan is made:

(a) **Loans Made on the Closing Date:** With respect to Loans made on the Closing Date, (i) each applicable Loan Party Obligor shall have duly executed and/or delivered, or, as applicable, shall have caused such other applicable Persons to have duly executed and or delivered, to Lender such agreements, instruments, documents, proxies and certificates as Lender may require, and including such other agreements, instruments, documents and/or certificates listed on the closing checklist attached hereto as Exhibit B; (ii) Lender shall have completed its business and legal due diligence pertaining to the Loan Parties, their respective businesses and assets, with results thereof satisfactory to Lender in its sole discretion; (iii) Lender's obligations and commitments under this Agreement shall have been approved by Lender's Credit Committee; (iv) after giving effect to such Loans, as well as to the payment of all post-petition trade payables older than sixty (60) days past due and the consummation of all transactions contemplated hereby to occur on the Closing Date, closing costs and any book overdraft, Excess Availability shall be no less than $3,000,000; (v) Borrower shall have paid to Lender all fees due on the date hereof, and shall have paid or reimbursed Lender for all of Lender's costs, charges and expenses incurred through the Closing Date (and in connection herewith, Borrower hereby irrevocably authorizes Lender to charge such fees, costs, charges and expenses as Revolving Loans); (vi) the Management Agreement and the Affiliation Agreement shall remain in full force and effect, in each case in form and substance satisfactory to Lender in its sole discretion; (vii) Lender shall have received copies of Borrower's material contracts, and such contracts shall be in form and substance satisfactory to Lender in its sole discretion, (viii) since December 31, 2016, there shall not have occurred any event or circumstance, either individually or in the aggregate, that has or could reasonably be expected to have a Material Adverse Effect, except to the extent arising out of or resulting from the closure of the Borrower's acute care facility previously located at 3905 Ford Road, Philadelphia, Pennsylvania 19131 and the underlying circumstances related thereto; (ix) the Closing Date shall have occurred on or before September 15, 2017; (x) all of the first day orders entered at the time of commencement of the Case shall be satisfactory, in form and substance, to Lender and no trustee or examiner shall have been appointed with respect to Borrower, or any property of or any estate of Borrower; (xi) Lender shall have received satisfactory evidence of the entry of the Interim Order, in form and substance satisfactory to Lender in its reasonable discretion, which Interim Order (a) shall have been entered upon an application or motion of Borrower satisfactory, in form and substance, to Lender in its reasonable discretion and upon prior notice to such parties required to receive such notice and such other parties as may be reasonably requested by Lender; and (b) shall be in full force and effect and shall not have been amended, modified or stayed, or reversed; and, if the Interim Order is the subject of a pending objection, appeal or motion for reconsideration in any respect, neither the Interim Order, nor the making of the Loans, or the performance by Loan Party Obligors of any of the Obligations shall be the subject of a presently effective stay. Loan Party Obligors and Lender shall be entitled to rely in good faith upon the Interim Order notwithstanding any such objection, appeal or motion for reconsideration. Lender may, however, in its sole discretion, defer any obligations to make Loans until such time as no such objection, appeal or motion for reconsideration is pending and the period for lodging any such objection, appeal or motion for reconsideration has expired; (xii) Lender shall have received satisfactory evidence of the entry of a cash management order acceptable to Lender in its reasonable discretion (the "***Cash Management Order***"); (xiii) Lender shall have received and approved the Budget for the Initial Period, including all updates and supplements thereto, and such Budget shall be in form and substance satisfactory to Lender; (xiv) [reserved]; (xv) either (1) M&T Bank shall have (A) entered into an agreement with Lender, in form and substance satisfactory to Lender, pursuant to which M&T Bank shall subordinate its Liens in any and all of the Borrower's property, other than the Real Property, to the Liens granted by Loan Party Obligors to Lender pursuant to this Agreement and (B) waived its right to seek any marshalling of the Collateral, in a manner acceptable to Lender in its sole discretion or (2) the Interim Order shall have the effect of (A) subordinating M&T's Liens in any and all of the Borrower's property, other than the Real Property, to the

Liens granted by Loan Party Obligors to Lender pursuant to this Agreement and (B) waiving M&T's right to seek any marshalling of the Collateral, in a manner acceptable to Lender in its sole discretion; (xvi) Lender shall have received the duly executed PHMC Guaranty; and (xvii) Lender shall have received a schedule of revenue producing contracts, by legal entity, indicating the name of the party, inception date, termination date and, if applicable, status of renewal; and

(b) **All Loans:** With respect to Loans made on the Closing Date and/or at any time thereafter, in addition to the conditions specified in clause (a) above as applicable, (i) Borrower shall have provided to Lender such information as Lender may require in order to determine the Borrowing Base (including the items set forth in Section 5.15(a)), as of such borrowing or issue date, after giving effect to such Loans; (ii) Borrower shall deliver a certification to Lender that all the conditions set forth in this Section 1.6(b) have been satisfied with respect to such loans; (iii) each applicable Obligor shall have duly executed and/or delivered, each of the reports required to be delivered pursuant to clause (k) of Schedule D; (iv) each of the representations and warranties set forth in this Agreement and in the other Loan Documents shall be true and correct in all material respects (except that any representation or warranty which is subject to any materiality or Material Adverse Effect qualifier is to be true and correct in all respects as so qualified) as of the date such Loan is made (or to the extent any representations or warranties are expressly made solely as of an earlier date, such representations and warranties shall be true and correct in all material respects (except that any such representation or warranty which is subject to any materiality or Material Adverse Effect qualifier is to be true and correct in all respects as so qualified) as of such earlier date), both before and after giving effect thereto; (v) the Interim Order (in the case of the Loans made on or within twenty-five (25) days following the Closing Date) or the Final Order (in the case of all other Loans), shall be in full force and effect and shall not be the subject of any appeal, stay, order or reversal or modification; (vi) within twenty-five (25) days of the Closing Date, the Bankruptcy Court shall have entered the Final Order which Final Order (a) shall have been entered upon an application or motion of Borrower reasonably satisfactory in form and substance to Lender and upon prior notice to such parties required to receive such notice and such other parties as may be reasonably requested by Lender; and (b) shall be in full force and effect and shall not have been amended, modified or stayed, or reversed; and, if the Final Order is the subject of a pending objection, appeal or motion for reconsideration in any respect, neither the Final Order, nor the making of the Loans, or the performance by Loan Party Obligors of any of the Obligations shall be the subject of a presently effective stay. Loan Party Obligors and Lender shall be entitled to rely in good faith upon the Final Order notwithstanding any such objection, appeal or motion for reconsideration. Lender may, however, in its sole discretion, defer any obligations of Lender to make Loans or to issue until such time as no such objection, appeal or motion for reconsideration is pending and the period for lodging any such objection, appeal or motion for reconsideration has expired; and (vii) no Default or Event of Default shall be in existence, both before and after giving effect thereto.

1.7 Repayments.

(a) **Revolving Loans.** If at any time for any reason whatsoever (including without limitation as a result of currency fluctuations) (i) the sum of the outstanding balance of all Revolving Loans exceeds the lesser of (x) the Maximum Revolving Facility Amount and (y) the Borrowing Base, or (ii) any of the Loan Limits for Revolving Loans are exceeded, then in each case, Borrower will immediately pay to Lender such amounts as shall cause Borrower to eliminate such excess (such excess, an "***Overadvance***").

(b) **Maturity Date Payments / Cash Collateral.** All remaining outstanding monetary Obligations (including, all accrued and unpaid fees described on Schedule C shall be payable in full on the Maturity Date.

(c) **Currency Due.** If, notwithstanding the terms of this Agreement or any other Loan Document, Lender receives any payment from or on behalf of Borrower or any other Person in a currency other than the Currency Due, Lender may convert the payment (including the monetary proceeds of realization upon any Collateral and any funds then held in a cash collateral account) into the Currency Due at exchange rate selected by Lender in the manner contemplated by Section 6.3(b) and Borrower shall reimburse Lender on demand for all reasonable costs they incur with respect thereto. To the extent permitted by law, the obligation shall be satisfied only to the extent of the amount actually received by Lender upon such conversion.

(d) **Termination of Loan Facilities**. The security interests, Liens and rights granted to Lender hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that no Obligations may be outstanding, until all Obligations have been indefeasibly paid in full in cash and Loan Party Obligors have provided to Lender a full release from all claims of Loan Party Obligors and their estates for any matters arising out of, relating to or in connection, with this Agreement and the Loan Documents as required pursuant to Section 1.11.

1.8 Prepayments / Voluntary Termination / Application of Prepayments.

(a) **Certain Mandatory Prepayment Events.** Borrower shall be required to prepay the outstanding principal balance of the Revolving Loans on the date of each and every Prepayment Event (and on any date thereafter on which proceeds pertaining thereto are received by any Loan Party), in each case without any demand or notice from Lender or any other Person, all of which is hereby expressly waived by Borrower, in the amount of 100% of the proceeds (net of documented reasonable out-of-pocket costs and expenses incurred in connection with the collection of such proceeds, in each case payable to Persons that are not Affiliates of any Loan Party) received by any Loan Party with respect to such Prepayment Event; ***provided*** that with respect to a Prepayment Event of the type described in clause (ii) of the definition of Prepayment Event, so long as no Default or Event of Default exists, to the extent that the proceeds received by such Person as a result of such Prepayment Event do not exceed $25,000 in the aggregate during any Fiscal Year and are actually applied within 180 days of such receipt to (x) replace the property or assets subject to such Prepayment Event with property and/or assets performing the same or similar functions or (y) repair, replace or reconstruct property and or assets damaged by such Prepayment Event, such proceeds shall not be required to prepay the Loans pursuant to this Section 1.8(a) (pending such reinvestment such proceeds shall be delivered to Lender to hold in an escrow account; ***provided*** to the extent such proceeds are not reinvested within such 180 day period, or any Default or Event of Default occurs during such period, Lender shall apply such proceeds as a prepayment of the Term Loan as provided in this Section 1.8(a)). Each such prepayment shall be subject to the Early Payment/Termination Premium in the amount specified in Schedule C.

(b) [Reserved.].

(c) [Reserved.].

(d) **Voluntary Termination of Loan Facilities.** Borrower may, on at least thirty (30) days prior and irrevocable written notice received by Lender, permanently terminate the Loan facilities by repaying all of the outstanding Obligations, including all principal, interest and fees with respect to the Revolving Loans. From and after such date of termination, Lender shall have no obligation whatsoever to extend any additional Loans and all of its lending commitments hereunder shall be terminated.

1.9 Obligations Unconditional.

(a) The payment and performance of all Obligations shall constitute the absolute and unconditional obligations of each Loan Party Obligor, and shall be independent of any defense or rights of set-off, recoupment or counterclaim which any Loan Party Obligor or any other Person might otherwise have against Lender or any other Person. All payments required (other than by Lender) by this Agreement and/or the other Loan Documents shall be made in Dollars (unless payment in a different currency is expressly provided otherwise in the applicable Loan Document) and paid free of any deductions or withholdings for any taxes or other amounts and without abatement, diminution or set-off. If any Loan Party Obligor is required by applicable law to make such a deduction or withholding from a payment under this Agreement or under any other Loan Document, such Loan Party Obligor shall pay to Lender such additional amount as is necessary to ensure that, after the making of such deduction or withholding, Lender receives (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made. Each Loan Party Obligor shall (i) pay the full amount of any deduction or withholding, which it is required to make by law, to the relevant authority within the payment period set by applicable law, and (ii) promptly after any such payment, deliver to Lender an original (or certified copy) official receipt issued by the relevant authority in respect of the amount withheld or deducted or, if the relevant authority does not issue such official receipts, such other evidence of payment of the amount withheld or deducted as is reasonably acceptable to Lender.

(b) If, at any time and from time to time after the Closing Date (or at any time before or after the Closing Date with respect to (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith, or (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case for purposes of this clause (y) pursuant to Basel III, regardless of the date enacted, adopted or issued), (i) any change in any existing law, regulation, treaty or directive or in the interpretation or application thereof, (ii) any new law, regulation, treaty or directive enacted or application thereof, or (iii) compliance by Lender with any request or directive (whether or not having the force of law) from any Governmental Authority, central bank or comparable agency (A) subjects Lender to any tax, levy, impost, deduction, assessment, charge or withholding of any kind whatsoever with respect to any Loan Document, or changes the basis of taxation of payments to Lender of any amount payable thereunder (except for net income taxes, or franchise taxes imposed in lieu of net income taxes, imposed generally by federal, state, local or other taxing authorities with respect to interest or fees payable hereunder or under any other Loan Document or changes in the rate of tax on the overall net income of Lender or its members), or (B) imposes on Lender any other condition or increased cost in connection with the transactions contemplated thereby or participations therein, and the result of any of the foregoing is to increase the cost to Lender of making or continuing any Loan or to reduce any amount receivable hereunder or under any other Loan Documents, then, in any such case, Borrower shall promptly pay to Lender, when notified to do so by Lender, any additional amounts necessary to compensate Lender, on an after-tax basis, for such additional cost or reduced amount as determined by Lender. Each such notice of additional amounts payable pursuant to this Section 1.9(b) submitted by Lender to Borrowing Agent shall, absent manifest error, be final, conclusive and binding for all purposes.

(c) This Section 1.9 shall remain operative even after the Termination Date and shall survive the payment in full of all of the Obligations.

1.10 Reversal of Payments. To the extent that any payment or payments made to or received by Lender pursuant to this Agreement or any other Loan Document are subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid to any trustee, receiver or other Person under any state, federal or other bankruptcy or other such applicable law, then, to the extent thereof, such amounts (and all Liens, rights and remedies therefore) shall be revived as Obligations (secured by all such

Liens) and continue in full force and effect under this Agreement and under the other Loan Documents as if such payment or payments had not been received by Lender. This Section 1.10 shall remain operative even after the Termination Date and shall survive the payment in full of all of the Obligations.

1.11 Release. Upon the indefeasible payment in full of all Obligations owed to Lender by Loan Party Obligors and termination of the rights and obligations arising under this Agreement, the Loan Documents and the Interim Order or Final Order, as the case may be (which payment and termination shall be on terms and conditions acceptable to Lender in its Permitted Discretion), Lender shall be released from any and all obligations, liabilities, actions, duties, responsibilities and causes of action arising or occurring in connection with or related to this Agreement, the Loan Documents and Interim Order or the Final Order, as applicable (including without limitation any obligation or responsibility (whether direct or indirect, absolute or contingent, due or not due, primary or secondary, liquidated or unliquidated), on terms and conditions acceptable to Lender in its Permitted Discretion.

2. INTEREST AND FEES; LOAN ACCOUNT.

2.1 Interest. All Loans and other monetary Obligations shall bear interest at the interest rate(s) set forth in Section 3 of Schedule A, and accrued interest shall be payable (i) on the first day of each month in arrears, (ii) upon a prepayment of such Loan in accordance with Section 1.8, and (iii) on the Maturity Date; ***provided***, that after the occurrence and during the continuation of an Event of Default, all Loans and other monetary Obligations shall bear interest at a rate per annum equal to **three** percentage points (3.00%) in excess of the rate otherwise applicable thereto (the "***Default Rate***"), and all such interest shall be payable on demand. Changes in the interest rate shall be effective as of the date of any change in the Base Rate.

2.2 Fees. Borrower shall pay Lender the fees set forth on Schedule C hereto on the dates set forth therein, which fees are in addition to all fees and other sums payable by Borrower or any other Person to Lender under this Agreement or under any other Loan Document, and, in each case are not refundable once paid.

2.3 Computation of Interest and Fees. All interest and fees shall be calculated daily on the outstanding monetary Obligations based on the actual number of days elapsed in a year of 360 days.

2.4 Loan Account; Monthly Accountings. Lender shall maintain a loan account for Borrower reflecting all outstanding Loans, along with interest accrued thereon and such other items reflected therein (the "***Loan Account***"), and shall provide Borrowing Agent with a monthly accounting reflecting the activity in the Loan Account, viewable by Borrowing Agent on Passport 6.0. Each accounting shall be deemed correct, accurate and binding on Borrower and an account stated (except for reverses and reapplications of payments made and corrections of errors discovered by Lender), unless Borrowing Agent notifies Lender in writing to the contrary within thirty (30) days after such account is rendered, describing the nature of any alleged errors or omissions. However, Lender's failure to maintain the Loan Account or to provide any such accounting shall not affect the legality or binding nature of any of the Obligations. Interest, fees and other monetary Obligations due and owing under this Agreement may, in Lender's discretion, be charged to the Loan Account, and will thereafter be deemed to be Revolving Loans and will bear interest at the same rate as other Revolving Loans.

2.5 Further Obligations; Maximum Lawful Rate. With respect to all monetary Obligations for which the interest rate is not otherwise specified herein (whether such Obligations arise hereunder or under any other Loan Document, or otherwise), such Obligations shall bear interest at the rate(s) in effect from time to time with respect to the Revolving Loans and shall be payable upon demand by Lender. In no event shall the interest charged with respect to any Loan or any other Obligation exceed

the maximum amount permitted under applicable law. Notwithstanding anything to the contrary herein or elsewhere, if at any time the rate of interest payable or other amounts hereunder or under any other Loan Document (the "***Stated Rate***") would exceed the highest rate of interest or other amount permitted under any applicable law to be charged (the "***Maximum Lawful Rate***"), then for so long as the Maximum Lawful Rate would be so exceeded, the rate of interest and other amounts payable shall be equal to the Maximum Lawful Rate; ***provided***, that if at any time thereafter the Stated Rate is less than the Maximum Lawful Rate, Borrower shall, to the extent permitted by applicable law, continue to pay interest and such other amounts at the Maximum Lawful Rate until such time as the total interest and other such amounts received is equal to the total interest and other such amounts which would have been received had the Stated Rate been (but for the operation of this provision) the interest rate payable or such other amounts payable. Thereafter, the interest rate and such other amounts payable shall be the Stated Rate unless and until the Stated Rate again would exceed the Maximum Lawful Rate, in which event this provision shall again apply. In no event shall the total interest or other such amounts received by Lender exceed the amount which it could lawfully have received had the interest and other such amounts been calculated for the full term hereof at the Maximum Lawful Rate. If, notwithstanding the prior sentence, Lender has received interest or other such amounts hereunder in excess of the Maximum Lawful Rate, such excess amount shall be applied to the reduction of the principal balance of the Loans or to other Obligations (other than interest) payable hereunder, and if no such principal or other Obligations are then outstanding, such excess or part thereof remaining shall be paid to Borrower. In computing interest payable with reference to the Maximum Lawful Rate applicable to any Lender, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate divided by the number of days in the year in which such calculation is made.

3. SECURITY INTEREST GRANT / POSSESSORY COLLATERAL / FURTHER ASSURANCES.

3.1 Grant of Security Interest. To secure the full payment and performance of all of the Obligations, each Loan Party Obligor hereby assigns to Lender and grants to Lender, effective as of the date of the Interim Order, a valid and perfected first priority (subject only to Permitted Priority Liens and the Carve-Out) a continuing security interest in all pre-petition and post-petition property of each Loan Party Obligor, whether existing on the Petition Date or thereafter acquired, whether tangible or intangible, real or personal, now or hereafter owned, existing, acquired or arising and wherever now or hereafter located, and whether or not eligible for lending purposes, including: (i) all Accounts (whether or not Eligible Accounts) and all Goods whose sale, lease or other disposition by any Loan Party Obligor has given rise to Accounts and have been returned to, or repossessed or stopped in transit by, any Loan Party Obligor; (ii) all Chattel Paper (including Electronic Chattel Paper), Instruments, Documents, and General Intangibles (including all patents, patent applications, trademarks, trademark applications, trade names, trade secrets, goodwill, copyrights, copyright applications, registrations, licenses, software, franchises, customer lists, tax refund claims, claims against carriers and shippers, guarantee claims, contracts rights, payment intangibles, security interests, security deposits and rights to indemnification); (iii) all Inventory (whether or not Eligible Inventory); (iv) all Goods (other than Inventory), including Equipment, Farm Products, Health-Care-Insurance Receivables, vehicles, and Fixtures; (v) all Investment Property, including, without limitation, all rights, privileges, authority, and powers of each Loan Party Obligor as an owner or as a holder of Pledged Equity, including, without limitation, all economic rights, all control rights, authority and powers, and all status rights of each Loan Party Obligor as a member, equity holder or shareholder, as applicable, of each Issuer; (vi) all Deposit Accounts, bank accounts, deposits and cash; (vii) all Letter-of-Credit Rights; (viii) all Commercial Tort Claims listed in Section 2 of the Disclosure Schedule and all other Commercial Tort Claims of Loan Party Obligors' now existing or hereafter arising; (ix) all Real Property and all rents, issues, products and proceeds thereof; (x) all Supporting Obligations; (xi) any other property of any Loan Party Obligor now or hereafter in the possession, custody or control of Lender or any agent or any parent, Affiliate or Subsidiary of Lender or any Participant with Lender in

the Loans, for any purpose (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise), (xii) any and all property and assets described in the Interim Order or the Final Order, and (xiii) all additions and accessions to, substitutions for, and replacements, products and Proceeds of the foregoing property, including proceeds of all insurance policies insuring the foregoing property, and all of each Loan Party Obligor's books and records relating to any of the foregoing and to any Loan Party's business.

3.2 Possessory Collateral. Promptly, but in any event no later than five (5) Business Days after any Loan Party Obligor's receipt of any portion of the Collateral evidenced by an agreement, Instrument or Document, including any Tangible Chattel Paper and any Investment Property consisting of certificated securities, such Loan Party Obligor shall deliver the original thereof to Lender together with an appropriate endorsement or other specific evidence of assignment thereof to Lender (in form and substance acceptable to Lender). If an endorsement or assignment of any such items shall not be made for any reason, Lender is hereby irrevocably authorized, as attorney and agent-in-fact (coupled with an interest) for each Loan Party Obligor, to endorse or assign the same on such Loan Party Obligor's behalf.

3.3 Further Assurances.

(a) Each Loan Party will, without any further order of the Bankruptcy Court, at the time that any Loan Party forms any direct or indirect Subsidiary, acquires any direct or indirect Subsidiary after the Closing Date, within ten days of such event (or such later date as permitted by Lender in its sole discretion) (a) cause such new Subsidiary to become a Loan Party and to grant Lender a first priority Lien (subject only to Permitted Priority Liens and the Carve-Out) in and to the assets of such newly formed or acquired Subsidiary, (b) provide, or cause the applicable Loan Party to provide, to Lender a pledge agreement and appropriate certificates and powers or financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary in form and substance reasonably satisfactory to Lender (which pledge, if reasonably requested by Lender, shall be governed by the laws of the jurisdiction of such Subsidiary), and (c) provide to Lender all other documentation, including one or more opinions of counsel reasonably satisfactory to Lender, which, in its opinion, is appropriate with respect to the execution and delivery of the applicable documentation referred to above (including policies of title insurance, flood certification documentation or other documentation with respect to all Real Property owned in fee and subject to a mortgage). Any document, agreement, or instrument executed or issued pursuant to this Section 3.3 shall constitute a Loan Document.

(b) Each Loan Party will, and will cause each of the other Loan Parties to, without any further order of the Bankruptcy Court, at any time upon the reasonable request of Lender, execute or deliver to Lender any and all financing statements, fixture filings, security agreements, pledges, assignments, mortgages, deeds of trust, opinions of counsel, and all other documents (the "***Additional Documents***") that Lender may reasonably request in form and substance reasonably satisfactory to Lender, to create, perfect, and continue to be perfected or to better perfect Lender's Liens in all of the assets of each of the Loan Parties (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal), to create and perfect Liens in favor of Lender in any Real Property acquired by any other Loan Party with a fair market value in excess of $100,000, and in order to fully consummate all of the transactions contemplated hereby and under the other Loan Documents. To the maximum extent permitted by applicable law, if any Borrower or any other Loan Party refuses or fails to execute or deliver any reasonably requested Additional Documents within a reasonable period of time following the request to do so, each Borrower and each other Loan Party hereby authorizes Lender to execute any such Additional Documents in the applicable Loan Party's name and authorizes Lender to file such executed Additional Documents in any appropriate filing office.

(c) Each Loan Party Obligor shall, without any further order of the Bankruptcy Court, at its own cost and expense, promptly and duly take, execute, acknowledge and deliver (and/or use commercially reasonable efforts to cause such other applicable Person to take, execute, acknowledge and deliver) all such further acts, documents, agreements and instruments as Lender shall deem reasonably necessary in order to (a) carry out the intent and purposes of the Loan Documents and the transactions contemplated thereby, (b) establish, create, preserve, protect and perfect a first priority lien (subject only to Permitted Priority Liens and the Carve-Out) in favor of Lender in all Collateral (wherever located) from time to time owned by the Loan Party Obligors, (c) cause each Loan Party Obligor to guarantee all of the Obligations, all pursuant to documentation that is in form and substance satisfactory to Lender in its Permitted Discretion and (d) facilitate the collection of the Collateral. Without limiting the foregoing, each Loan Party Obligor shall, at its own cost and expense, promptly and duly take, execute, acknowledge and deliver (and/or use commercially reasonable efforts to cause such other applicable Person to take, execute, acknowledge and deliver) to Lender all promissory notes, security agreements, agreements with landlords, mortgagees and processors and other bailees, subordination and intercreditor agreements and other agreements, instruments and documents, in each case in form and substance reasonably acceptable to Lender, as Lender may request from time to time to perfect, protect, and maintain Lender's security interests in the Collateral, including the required priority thereof, and to fully carry out the transactions contemplated by the Loan Documents.

3.4 UCC Financing Statements. Each Loan Party Obligor authorizes Lender to file, transmit, or communicate, as applicable, from time to time, without any further order of the Bankruptcy Court, Uniform Commercial Code financing statements, along with amendments and modifications thereto, in all filing offices selected by Lender, listing such Loan Party Obligor as the debtor and Lender as the secured party, and describing the collateral covered thereby in such manner as Lender may elect, including using descriptions such as "all personal property of debtor" or "all assets of debtor" or words of similar effect. Each Loan Party Obligor also hereby ratifies its authorization for Lender to have filed in any filing office any financing statements filed prior to the date hereof.

3.5 Superpriority Claims, Collateral Security, Etc.

(a) Loan Party Obligors hereby represent, warrant and covenant that, upon the entry by the Bankruptcy Court of the Interim Order and/or the Final Order, as applicable:

(i) for all Obligations now existing or hereafter arising and for diminution in value of any Collateral used by Debtors pursuant to the Interim Order, this Agreement or otherwise, Lender is granted an allowed Superpriority Claim;

(ii) to secure the prompt payment and performance of any and all Obligations of Loan Party Obligors to Lender of whatever kind, nature or description, absolute or contingent, now existing or hereafter arising, Lender shall have and is hereby granted, effective as of the Petition Date, valid and perfected first priority (subject only to Permitted Priority Liens and the Carve-Out), security interests and liens in and upon all pre- and post- petition property of Loan Party Obligors and in the case of Borrower, its estates, whether existing on the Petition Date or thereafter acquired, including without limitation, (i) pursuant to Section 364(c)(2), property that, on or as of the Petition Date is not subject to valid, perfected and non-avoidable liens (collectively, the "***Unencumbered Property***"), (ii) pursuant to Section 364(c) and (d) of the Bankruptcy Code, all of the Collateral (as defined in this Agreement) other than any Avoidance Actions and the proceeds thereof. Such security interests and liens shall be senior in all respects to interests of other parties arising out of security interests or liens, if any, in such assets and property existing immediately prior to the Petition Date. The Liens securing the Obligations shall not be subject to Section 551 of the Bankruptcy Code;

(iii) Neither the incurrence of the Obligations, the granting of Liens on the Collateral under this Agreement or the transfer of any interest in property was incurred, granted or transferred, as applicable, with any intent to hinder, delay or defraud any of its respective creditors; and

(iv) The Interim Order and/or the Final Order, as applicable, has been entered by the Bankruptcy Court and is in full force and effect, and has not been amended or modified except to the extent consented to by Lender, or stayed, or reversed.

(b) Loan Party Obligors hereby represent, warrant and covenant that, upon the entry by the Bankruptcy Court of the Interim Order and/or the Final Order, as applicable, all of the Obligations:

(i) shall at all times constitute a Superpriority Claim; and

(ii) pursuant to Section 364(c) and Section 364(d) of the Bankruptcy Code, this Agreement and the Loan Documents, shall at all times be secured by a first priority perfected Lien, subject as to priority, only to Permitted Priority Liens and the Carve-Out, in all assets and property, whether now owned or hereafter acquired, of Loan Party Obligors and in the case of Borrower, its estates (other than any Avoidance Actions), such Liens shall be senior to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Bankruptcy Court or otherwise, including without limitation, liens or interests granted in favor of third parties in conjunction with Section 363, 364 or any other Section of the Bankruptcy Code or other applicable law. Such security interests and liens shall be senior in all respects to interests of other parties arising out of security interests or liens, if any, in such assets and property existing immediately prior to the Petition Date. The Liens securing the Obligations shall not be subject to Section 551 of the Bankruptcy Code.

(c) The agreement of Lender to provide post-petition financing to Loan Party Obligors will not prohibit Lender from moving in the Bankruptcy Court for other and further relief which Lender believes in good faith to be reasonably and immediately necessary to protect its rights with respect to the Collateral (including a request for Loan Party Obligors to abandon any part of the Collateral) or otherwise.

(d) The Liens securing the Obligations shall be deemed valid and perfected and duly recorded by entry of the Interim Order. Lender shall not be required to file any financing statements, mortgages, notices of Lien or similar instruments in any jurisdiction or filing office or to take any other action in order to validate or perfect the Lien granted by or pursuant to the Interim Order, the Final Order, this Agreement or any Loan Document.

(e) The Lien granted by or pursuant to the Interim Order, the Final Order, this Agreement and any Loan Document are independently granted and the administrative priority granted by the Interim Order and the Final Order shall control. The Interim Order, the Final Order, this Agreement and the Loan Documents supplement each other and the grants, priorities, rights and remedies hereunder and thereunder are cumulative.

(f) Each Loan Party Obligor agrees that (i) the Obligations shall not be discharged by the entry of an order confirming a Reorganization Plan (and Borrower, pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waives any such discharge), (ii) the Superpriority Claim granted to Lender pursuant to the Interim Order and the Final Order and the Liens granted to Lender pursuant to the Interim Order, the Final Order, this Agreement and the Loan Documents, shall not be affected in any manner by the entry of an order confirming a Reorganization Plan, (iii) no Loan Party Obligor shall propose or support any Reorganization Plan that is not conditioned upon termination of Lender's commitment to make Loans hereunder and indefeasible payment in full in cash of all Obligations and the

release of Lender in full from all claims of Loan Party Obligors and their estates, in each case, on or before the effective date of such Reorganization Plan, and (iv) no Reorganization Plan shall be confirmed if it does not satisfy the foregoing requirements.

(g) The Liens, priority, administrative priorities and other rights and remedies granted to the Lender pursuant to the Interim Order, the Final Order, this Agreement and the Loan Documents (specifically including the existence, perfection and priority of the Liens provided herein and therein, and the superpriority administrative priority provided herein and therein) shall not be modified, altered or impaired in any manner by any other financing or extension of credit or incurrence of Indebtedness by Loan Party Obligors (pursuant to Section 364 of the Bankruptcy Code or otherwise), or by any dismissal or conversion of the Case, or by any other act or omission whatever. Without limitation, notwithstanding any such order, financing, extension, incurrence, dismissal, conversion, act or omission:

(i) no costs or expenses of administration which have been or may be incurred in the Case or any conversion of the same or in any other proceedings related thereto, and no priority claims, including claims and charges under Section 506(c) of the Bankruptcy Code, are or will be prior to or on a parity with any claim of the Lender against Loan Party Obligors in respect of any Obligation;

(ii) the Liens securing the Obligations shall constitute valid and perfected Liens and, subject only to Permitted Priority Liens and the Carve-Out, shall be prior to all other Liens, now existing or hereafter arising, in favor of any other creditor or any other Person whatsoever;

(iii) the Liens securing the Obligations shall continue to be valid and perfected without the necessity that Lender file financing statements, mortgages or otherwise perfecting its Lien under applicable non-bankruptcy law; and

(iv) the Liens securing the Obligations shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that the Obligations may from time to time be temporarily in a zero or credit position, until all of the Obligations have been paid in full in cash, Lender's commitment to make Loans has been terminated and Lender has received a full release from Loan Party Obligors from all claims of Loan Party Obligors and their estates for any matters arising out of, relating to or in connection, with the this Agreement and the Loan Documents or Loan Party Obligors have furnished Lender with an indemnification satisfactory to Lender with respect thereto.

(h) Loan Party Obligors and the Lender know and understand that there are rights and remedies provided under the Bankruptcy Code, the Federal Rules of Civil Procedure, and the Bankruptcy Rules, pursuant to which parties otherwise bound by a previously entered order can attempt to obtain relief from such an order by alleging circumstances that may warrant a change or modification in the order, or circumstances such as fraud, mistake, inadvertence, excusable neglect, newly discovered evidence, or similar matters that may justify vacating the order entirely, or otherwise changing or modifying it (collectively, "***Changed Circumstances***"). Rights and remedies based on Changed Circumstances include, but are not limited to, modification of a plan of reorganization after confirmation of the plan and before its substantial consummation, pursuant to Section 1127(b) of the Bankruptcy Code, relief from a final order or judgment pursuant to Rule 60(b) of the Federal Rules of Civil Procedure and Bankruptcy Rule 9024, and the commencement and prosecution of a serial Chapter 11 case by a debtor which is in default of obligations under a stipulation or plan of reorganization confirmed in an earlier case. With full knowledge and understanding of what are, or may be, its present or future rights and remedies based on allegations of Changed Circumstances, each Loan Party Obligor (i) expressly disavows that there are any matters which constitute any kind of Changed Circumstances as of the date of entry of the Interim Order and (ii) expressly disavows that it is aware of any matters whatsoever that it is

assuming, contemplating, or expecting in proceeding with the Final Order and the transactions contemplated by this Agreement and having the Final Order entered that would serve as a basis to allege such Changed Circumstances. Each Loan Party Obligor understands and agrees that the Lender is not willing to bear any of the risks involved in Loan Party Obligors' business enterprises and Lender is not willing to modify any of the rights if such risks cause actual or alleged Changed Circumstances; and each Loan Party Obligor expressly assumes all risks of any and all such matters, and the consequences that Lender will enforce its legal, equitable, and contractual rights if Lender is not paid and dealt with strictly in accordance with the terms and conditions of the Interim Order, the Final Order, this Agreement and the Loan Documents. Without limiting the foregoing in any way, Loan Party Obligors' use of any cash collateral that is included in the Collateral will be governed exclusively by the terms and conditions of this Agreement, the Interim Order and the Final Order, and, until the Termination Date, no Loan Party Obligor will seek authority from the Bankruptcy Court to otherwise use any cash collateral that is included in the Collateral for any purpose whatsoever without Lender's consent.

(i) If any Loan Party Obligor asserts that it has any adverse claims against Lender with respect to this Agreement and the transactions contemplated hereby, each Loan Party Obligor agrees that its sole and exclusive remedy for any and all such adverse claims will be an action for monetary damages (a "***Damage Lawsuit***"). Any such Damage Lawsuit, regardless of the procedural form in which it is alleged (e.g., by complaint, counterclaim, cross-claim, third-party claim, or otherwise) will be severed from any enforcement by Lender of its legal, equitable, and contractual rights (including collection of the Obligations and foreclosure or other enforcement against the Collateral) pursuant to the Loan Documents, and the Damage Lawsuit (including any and all adverse claims alleged against the Lender) cannot be asserted by any Loan Party Obligor as a defense, setoff, recoupment, or grounds for delay, stay, or injunction against any enforcement by Lender of its legal, equitable, and contractual rights under the Interim Order, the Final Order, this Agreement, the Loan Documents, and otherwise.

(j) No Person will be permitted to use Lender's Collateral for purposes of seeking to surcharge the Collateral under Section 506(c) of the Bankruptcy Code, nor shall any costs or expenses whatsoever be imposed against the Collateral. The prohibition on surcharging or priming of the Liens of Lender on the Collateral will survive the termination of this Agreement and the dismissal of the Case, such that no Person will be permitted to obtain a Lien or rights (through any means, at law or in equity) which in any case is equal or senior to the Liens of Lender on the Collateral prior to indefeasible payment in full of the Obligations. Upon the termination of this Agreement and the dismissal of the Case, the Bankruptcy Court will retain jurisdiction over the Collateral for the limited purpose of enforcing this Section 3.5.

(k) Lender shall not be subject to any equitable remedy of marshalling.

(l) The motions to approve the Interim Order and all other first day motions have been served on (i) Borrower and Lender; (ii) the United States Trustee for the Eastern District of Pennsylvania; (iii) counsel to the Creditors' Committee; (iv) all parties known to Borrower who hold any liens or security interest in Borrower's assets who have filed UCC-1 financing statements against Borrower, or who, to Borrower's knowledge, have asserted any liens on any of Borrower's assets, including M&T Bank and Learn and Play, Inc.; (vi) all landlords and warehouseman of Borrower; (vii) the Internal Revenue Service and all taxing authorities in the State of Pennsylvania; (viii) all creditors known to Borrower to be holding a judgment; and (ix) certain other parties identified in the certificates of service filed with the Bankruptcy Court.

4. CERTAIN PROVISIONS REGARDING ACCOUNTS, INVENTORY, COLLECTIONS, APPLICATIONS OF PAYMENTS, INSPECTION RIGHTS, AND APPRAISALS.

4.1 Blocked Accounts. Each Loan Party Obligor hereby represents and warrants that all Deposit Accounts and all other depositary and other accounts maintained by each Loan Party Obligor as of the Closing Date are described in Section 3 of the Disclosure Schedule, which description includes for each such account the name of the Loan Party Obligor maintaining such account, the name, of the financial institution at which such account is maintained, the account number, and the purpose of such account. After the Closing Date, no Loan Party Obligor shall open any new Deposit Accounts or any other depositary or other accounts without the prior written consent of Lender and without updating Section 3 of the Disclosure Schedule to reflect such Deposit Accounts or other accounts, as applicable. No Deposit Accounts or other accounts of any Loan Party Obligor shall at any time constitute a Restricted Account other than accounts expressly indicated on Section 3 of the Disclosure Schedule as being a Restricted Account (and each Loan Party Obligor hereby represents and warrants that each such account shall at all times meet the requirements set forth in the definition of Restricted Account to qualify as a Restricted Account). Each Loan Party Obligor will, at its expense, establish (and revise from time to time as Lender may require in its Permitted Discretion) procedures acceptable to Lender, in Lender's Permitted Discretion, for the collection of checks, wire transfers and all other proceeds of all of such Loan Party Obligor's Accounts and other Collateral ("***Collections***"), which shall include depositing all Collections received by such Loan Party Obligor into one or more bank accounts maintained in the name of such Loan Party Obligor (but as to which Lender has exclusive access) or, at Lender's option, in the name of Lender (each, a "***Blocked Account***"), under an arrangement acceptable to Lender with a depository bank acceptable to Lender, pursuant to which all funds deposited into each Blocked Account are to be transferred to Lender in such manner, and with such frequency, as provided in the Cash Management Order, . Each Loan Party Obligor agrees to execute, and to cause its depository banks and other account holders to execute, such Blocked Account control agreements and other documentation as Lender shall require from time to time in connection with the foregoing, all in form and substance acceptable to Lender, and in any event such arrangements and documents must be in place on the date hereof with respect to accounts in existence on the date hereof, or prior to any such account being opened with respect to any such account opened after the date hereof, in each case excluding Restricted Accounts. Prior to the Closing Date, Borrowing Agent shall deliver to Lender a complete and executed Authorized Accounts form regarding Borrower's operating account(s) into which the proceeds of Loans are to be paid in the form of Exhibit D annexed hereto.

4.2 Application of Payments. All amounts paid to or received by Lender in respect of the monetary Obligations, from whatever source (whether from Borrower or any other Loan Party Obligor pursuant to such other Loan Party Obligor's guaranty of the Obligations, any realization upon any Collateral, or otherwise) shall be applied by Lender to the Obligations in such order as Lender may elect, and absent such election shall be applied as follows:

(i) FIRST, to reimburse Lender for all out-of-pocket costs and expenses, and all indemnified losses, incurred by Lender which are reimbursable to Lender in accordance with this Agreement and/or any of the other Loan Documents,

(ii) SECOND, to any accrued but unpaid interest on any Protective Advances,

(iii) THIRD, to the outstanding principal of any Protective Advances,

(iv) FOURTH, to any accrued but unpaid fees owing to Lender under this Agreement and/or any other Loan Documents,

(v) FIFTH, to any unpaid accrued interest on the Obligations,

(vi) SIXTH, to the outstanding principal of the Revolving Loans, and

(vii) SEVENTH, to the payment of any other outstanding Obligations; and after payment in full in cash of all of the outstanding monetary Obligations, any further amounts paid to or received by Lender in respect of the Obligations (so long as no monetary Obligations are outstanding) shall be paid over to Borrower or such other Person(s) as may be legally entitled thereto. For purposes of determining the Borrowing Base, such amounts will be credited to the Loan Account and the Collateral balances to which they relate upon Lender's receipt of an advice from Lender's Bank (set forth in Section 5 of Schedule A) that such items have been credited to Lender's account at Lender's Bank (or upon Lender's deposit thereof at Lender's Bank in the case of payments received by Lender in kind), in each case subject to final payment and collection. However, for purposes of computing interest on the Obligations, such items shall be deemed applied by Lender three (3) Business Days after Lender's receipt of advice of deposit thereof at Lender's Bank.

4.3 Notification; Verification. Lender or its designee may, from time to time, whether or not a Default or Event of Default has occurred: (i) verify directly with the Account Debtors of the Loan Party Obligors (or by any reasonable manner and through any reasonable medium Lender considers advisable in the exercise of its Permitted Discretion) the validity, amount and other matters relating to the Accounts and Chattel Paper of the Loan Party Obligors, by means of mail, telephone or otherwise, either in the name of the applicable Loan Party Obligor or Lender or such other name as Lender may choose and (ii) notify Account Debtors of the Loan Party Obligors that Lender has a security interest in the Accounts of the Loan Party Obligors. Lender or its designee may, from time to time after the occurrence and during the continuance of an Event of Default: (x) require any Loan Party Obligor to cause all invoices and statements which it sends to Account Debtors or other third parties to be marked, in a manner satisfactory to Lender, to reflect Lender's security interest therein and payment instructions acceptable to Lender (y) direct such Account Debtors to make payment thereof directly to Lender; such notification to be sent on the letterhead of such Loan Party Obligor and substantially in the form of Exhibit E annexed hereto; and (z) demand, collect or enforce payment of any Accounts and Chattel Paper (but without any duty to do so). From time to time after the occurrence and during the continuance of an Event of Default, each Loan Party Obligor hereby authorizes Account Debtors to make payments directly to Lender and to rely on notice from Lender without further inquiry. Lender may on behalf of each Loan Party Obligor endorse all items of payment received by Lender that are payable to such Loan Party Obligor for the purposes described above.

4.4 Power of Attorney.

Each Loan Party Obligor hereby grants to Lender an irrevocable power of attorney, coupled with an interest, authorizing and permitting Lender (acting through any of its officers, employees, attorneys or agents), at Lender's option (and solely with respect to any actions taken by Lender under Section 4.4(a) below, in the exercise of its Permitted Discretion), but without obligation, with or without notice to such Loan Party Obligor, and at such Loan Party Obligor's expense, to do any or all of the following, in such Loan Party Obligor's name or otherwise:

(a) (i) execute on behalf of such Loan Party Obligor any documents that Lender may deem advisable in order to perfect, protect and maintain Lender's security interests, and priority thereof, in the Collateral (including such financing statements and continuation financing statements, and amendments or other modifications thereto, as Lender shall deem necessary or appropriate); (ii) endorse such Loan Party Obligor's name on all checks and other forms of remittances received by Lender; (iii) pay any sums required on account of such Loan Party Obligor's taxes or to secure the release of any Liens

therefor; (iv) pay any amounts necessary to obtain, or maintain in effect, any of the insurance described in Section 5.14; (v) receive and otherwise take control in any manner of any cash or non-cash items of payment or Proceeds of Collateral; (vi) receive, open and process all mail addressed to such Loan Party Obligor at any post office box/lockbox maintained by Lender for such Loan Party Obligor or at any other business premises of Lender with Collections to be promptly transferred to the Blocked Account and any mail unrelated to Collections to be promptly remitted to such Loan Party Obligor along with copies of all other mail addressed to such Loan Party Obligor and received by Lender, and (vii) endorse or assign to Lender on such Loan Party Obligor's behalf any portion of Collateral evidenced by an agreement, Instrument or Document if an endorsement or assignment of any such items is not made by Borrower pursuant to Section 3.2; and

(b) After the occurrence and during the continuance of an Event of Default and subject to the terms and conditions of Section 7 of this Agreement; (i) execute on behalf of such Loan Party Obligor any document exercising, transferring or assigning any option to purchase, sell or otherwise dispose of or lease (as lessor or lessee) any real or personal property which is part of the Collateral or in which Lender has an interest; (ii) execute on behalf of such Loan Party Obligor any invoices relating to any Accounts, any draft against any Account Debtor, any proof of claim in bankruptcy, any notice of Lien or claim, and any assignment or satisfaction of mechanic's, materialman's or other Lien; (iii) except as otherwise provided in Section 4.3(i) hereof, execute on behalf of such Loan Party Obligor any notice to any Account Debtor; (iv) pay, contest or settle any Lien, charge, encumbrance, security interest and adverse claim in or to any of the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (v) grant extensions of time to pay, compromise claims relating to, and settle Accounts, Chattel Paper and General Intangibles for less than face value and execute all releases and other documents in connection therewith; (vi) settle and adjust, and give releases of, any insurance claim that relates to any of the Collateral and obtain payment therefor; (vii) instruct any third party having custody or control of any Collateral or books or records belonging to, or relating to, such Loan Party Obligor to give Lender the same rights of access and other rights with respect thereto as Lender has under this Agreement or any other Loan Document; (viii) change the address for delivery of such Loan Party Obligor's mail; (ix) vote any right or interest with respect to any Investment Property; and (x) instruct any Account Debtor to make all payments due to such Loan Party Obligor directly to Lender.

Any and all sums paid, and any and all costs, expenses, liabilities, obligations and reasonable attorneys' fees incurred, by Lender with respect to the foregoing shall be added to and become part of the Obligations, shall be payable on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations at such time. Provided that the Lender's rights under this Agreement and the other Loan Documents (and any exercise thereof) comply with the Interim Order and the Final Order, each Loan Party Obligor agrees that Lender's rights under the foregoing power of attorney and/or any of Lender's other rights under this Agreement or the other Loan Documents shall not be construed to indicate that Lender is in control of the business, management or properties of such Loan Party Obligor.

The Lender's exercise of its rights under this Section 4.4(b) is subject to Section 4.2 of the Interim Order and the Final Order.

4.5 Disputes. Each Loan Party Obligor shall promptly notify Lender of all disputes or claims relating to its Accounts and Chattel Paper, and shall also notify the Creditors' Committee of all disputes or claims related to its Accounts and Chattel Paper of over $100,000.00. Each Loan Party Obligor agrees that it will not, without Lender's prior written consent, compromise or settle any of its Accounts or Chattel Paper for less than the full amount thereof, grant any extension of time for payment of any of its Accounts or Chattel Paper, release (in whole or in part) any Account Debtor or other person

liable for the payment of any of its Accounts or Chattel Paper or grant any credits, discounts, allowances, deductions, return authorizations or the like with respect to any of its Accounts or Chattel Paper; except (unless otherwise directed by Lender during the existence of a Default or an Event of Default) such Loan Party Obligor may take any of such actions in the ordinary course of its business consistent with past practices, *provided* that Borrower promptly reports the same to Lender.

4.6 [Reserved].

4.7 Access to Collateral, Books and Records. At reasonable times, Lender and/or its representatives or agents shall have the right to inspect the Collateral, and the right to examine and copy each Loan Party's books and records. Each Loan Party Obligor agrees to give Lender access to any or all of such Loan Party Obligor's, and each of its Subsidiaries', premises to enable Lender to conduct such inspections and examinations. Such inspections and examinations shall be at Borrower's expense and the charge therefor shall be $1,100 per person per day (or such higher amount as shall represent Lender's then current standard charge), plus out-of-pocket expenses. Upon the occurrence and during the continuance of an Event of Default, Lender may, at Borrower's expense, use each Loan Party's personnel, computer and other equipment, programs, printed output and computer readable media, supplies and premises for the collection, sale or other disposition of Collateral to the extent Lender, in its sole discretion, deems appropriate. Each Loan Party Obligor hereby irrevocably authorizes all accountants and other financial professional third parties to disclose and deliver to Lender, at Borrower's expense, all financial information, books and records, work papers, management reports and other information in their possession regarding the Loan Parties.

4.8 Real Property Appraisal. On or before the Closing Date, Borrower shall have delivered an appraisal performed by Integra Realty Resources on the Real Property, which shall be at Borrower's expense.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS.

To induce Lender to enter into this Agreement, each Loan Party Obligor represents, warrants and covenants as follows (it being understood and agreed that (a) each such representation and warranty (i) will be made as of the date hereof and be deemed remade as of each date on which any Loan is made (except to the extent any such representation or warranty expressly relates only to any earlier and/or specified date, in which case such representation or warranty will be made as of such earlier and/or specified date), and (ii) shall not be affected by any knowledge of, or any investigation by, Lender, and (b) each such covenant shall continuously apply with respect to all times commencing on the date hereof and continuing until the Termination Date):

5.1 Existence and Authority. Each Loan Party is duly organized, incorporated, validly existing and in good standing under the laws of its jurisdiction of organization (which jurisdiction is identified in Section 1(a) of the Disclosure Schedule) and is qualified to do business in each jurisdiction in which the operation of its business requires that it be qualified (which each such jurisdiction is identified in Section 1(a) of the Disclosure Schedule), except where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect. Each Loan Party will, and will cause each of its Subsidiaries to, at all times preserve and keep in full force and effect such Person's valid existence and good standing in its jurisdiction of organization and, except as could not reasonably be expected to result in a Material Adverse Effect, good standing with respect to all other jurisdictions in which it is qualified to do business and any rights, franchises, permits, licenses, accreditations, authorizations, or other approvals material to their businesses. Each Loan Party has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, and, subject to the entry by the Bankruptcy Court of the Interim Order, to enter into the

Loan Documents to which it is a party and to carry out the transactions contemplated thereby. Subject to the entry by the Bankruptcy Court of the Interim Order, the execution, delivery and performance by each Loan Party Obligor of this Agreement and all of the other Loan Documents to which such Loan Party Obligor is a party have been duly and validly authorized, do not violate such Loan Party Obligor's Organic Documents, or any law or any agreement or instrument or any court order which is binding upon any Loan Party or its property, do not constitute grounds for acceleration of any Indebtedness or obligation under any agreement or instrument which is binding upon any Loan Party Obligor or its property, and do not require the consent of any Person. Subject to the entry by the Bankruptcy Court of the Interim Order, no Loan Party is required to obtain any government approval, consent, or authorization from, or to file any declaration or statement with, any Governmental Authority in connection with or as a condition to the execution, delivery or performance of any of the Loan Documents. This Agreement and each of the other Loan Documents have been duly executed and delivered by, and, subject to the entry by the Bankruptcy Court of the Interim Order, are enforceable against each of the Loan Party Obligors who have signed them, in accordance with their respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Section 1(f) of the Disclosure Schedule sets forth the ownership of each Borrower and their respective Subsidiaries.

5.2 Names; Trade Names and Styles. The name of each Loan Party Obligor set forth on Section 1(b) of the Disclosure Schedule is its correct and complete legal name as of the date hereof, and no Loan Party Obligor has used any other name at any time in the past five years, or at any time will use any other name, in any tax filing made in any jurisdiction. Listed in Section 1(b) of the Disclosure Schedule are all prior names used by each Loan Party Obligor at any time in the past five years and all of the present and prior trade names used by any Loan Party Obligor at any time in the past five years. Borrower shall give Lender at least thirty (30) days' prior written notice (and will deliver an updated Section 1(b) of the Disclosure Schedule to reflect the same) before it or any other Loan Party Obligor changes its legal name or does business under any other name.

5.3 Title to Collateral; Third Party Locations; Permitted Liens. Each Loan Party Obligor has, and at all times will continue to have, good and marketable title to all of the Collateral. The Collateral now is, and at all times will remain, free and clear of any and all Liens, except for Permitted Liens. Lender now has, and will at all times continue to have, a first-priority (subject only to Permitted Priority Liens and the Carve-Out) perfected and enforceable security interest in all of the Collateral, and each Loan Party Obligor will at all times defend Lender and the Collateral against all claims of others. None of the Collateral which is Equipment is, or will at any time, be affixed to any real property that is not subject to a Mortgage in favor of Lender in such a manner, or with such intent, as to become a fixture. Except for leases or subleases as to which Borrower has delivered to Lender a landlord's waiver in form and substance satisfactory to Lender, no Loan Party Obligor is or will be a lessee or sublessee under any real property lease or sublease. Except for warehouses as to which Borrower has delivered to Lender a warehouseman's waiver in form and substance satisfactory to Lender, no Loan Party Obligor is or will at any time be a bailor of any Goods at any warehouse or otherwise. Prior to causing or permitting any Collateral to at any time be located upon premises in which any third party (including any landlord, warehouseman, or otherwise) has an interest, Borrower shall notify Lender and the applicable Loan Party Obligor shall cause each such third party to execute and deliver to Lender, in form and substance acceptable to Lender, such waivers, collateral access agreements, and subordinations as Lender shall specify, so as to, among other things, ensure that Lender's rights in the Collateral are, and will at all times continue to be, superior to the rights of any such third party and that Lender has access to such Collateral. Each applicable Loan Party Obligor will keep at all times in full force and effect, and will comply at all times with all the terms of, any lease of real property where any of the Collateral now or in the future may be located.

5.4 Accounts, Chattel Paper and Inventory. As of each date reported by Borrower, all Accounts which Borrower has then reported to Lender as then being Eligible Accounts comply in all respects with the criteria for eligibility set forth in the definition of Eligible Accounts. All such Accounts and Chattel Paper are genuine and in all respects what they purport to be, arise out of a completed, bona fide and unconditional and non-contingent sale and delivery of goods or rendition of services by Borrower in the ordinary course of its business and in accordance with the terms and conditions of all purchase orders, contracts or other documents relating thereto, each Account Debtor thereunder had the capacity to contract at the time any contract or other document giving rise to such Accounts and Chattel Paper were executed, and the transactions giving rise to such Accounts and Chattel Paper comply with all applicable laws and governmental rules and regulations.

5.5 Electronic Chattel Paper. To the extent that any Loan Party Obligor obtains or maintains any Electronic Chattel Paper, such Loan Party Obligor shall at all times create, store and assign the record or records comprising the Electronic Chattel Paper in such a manner that (i) a single authoritative copy of the record or records exists which is unique, identifiable and except as otherwise provided below, unalterable, (ii) the authoritative copy identifies Lender as the assignee of the record or records, (iii) the authoritative copy is communicated to and maintained by Lender or its designated custodian, (iv) copies or revisions that add or change an identified assignee of the authoritative copy can only be made with the participation of Lender, (v) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy and (vi) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

5.6 Capitalization; Investment Property.

(a) No Loan Party, directly or indirectly, owns, or shall at any time own, any Equity Interests of any other Person except as set forth in Sections 1(f) and 1(g) of the Disclosure Schedule, which such Sections of the Disclosure Schedule list all Investment Property owned by each Loan Party Obligor;

(b) None of the Pledged Equity has been issued or otherwise transferred in violation of the Securities Act, or other applicable laws of any jurisdiction to which such issuance or transfer may be subject.

(c) The Pledged Equity pledged by each Loan Party Obligor hereunder constitutes all of the issued and outstanding equity interests of each Issuer owned by such Loan Party Obligor.

(d) All of the Pledged Equity has been duly and validly issued and is fully paid and non-assessable, and the holders thereof are not entitled to any preemptive, first refusal, or other similar rights. There are no outstanding options, warrants or similar agreements, documents, or instruments with respect to any of the Pledged Equity.

(e) Each Loan Party Obligor has caused each Issuer to amend or to otherwise modify its Organic Documents, books, records, and related agreements, documents, and instruments, as applicable, to reflect the rights and interests of Lender hereunder, and to the extent required to enable and empower Lender to exercise and enforce its rights and remedies hereunder in respect of the Pledged Equity and other Investment Property.

(f) Each Loan Party Obligor will take any and all actions required or requested by Lender, from time to time, to (i) cause Lender to obtain exclusive control of any Investment Property in a

manner acceptable to Lender and (ii) obtain from any Issuers and such other Persons as Lender shall specify, for the benefit of Lender, written confirmation of Lender's exclusive control over such Investment Property and take such other actions as Lender may request to perfect Lender's security interest in any Investment Property. For purposes of this Section 5.6, Lender shall have exclusive control of Investment Property if (A) pursuant to Section 3.2, such Investment Property consists of certificated securities and the applicable Loan Party Obligor delivers such certificated securities to Lender (with all appropriate endorsements); (B) such Investment Property consists of uncertificated securities and either (x) the applicable Loan Party Obligor delivers such uncertificated securities to Lender or (y) the Issuer thereof agrees, pursuant to documentation in form and substance satisfactory to Lender, that it will comply with instructions originated by Lender without further consent by the applicable Loan Party Obligor, and (C) such Investment Property consists of security entitlements and either (x) Lender becomes the entitlement holder thereof or (y) the appropriate securities intermediary agrees, pursuant to documentation in form and substance satisfactory to Lender, that it will comply with entitlement orders originated by Lender without further consent by the applicable Loan Party Obligor. Each Loan Party Obligor that is a limited liability company or a partnership hereby represents and warrants that it has not, and at no time will, elect pursuant to the provisions of Section 8-103 of the UCC to provide that its equity interests are securities governed by Article 8 of the UCC.

(g) No Loan Party owns, or has any present intention of acquiring, any "margin security" or any "margin stock" within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System (herein called "margin security" and "margin stock"). None of the proceeds of the Loans will be used, directly or indirectly, for the purpose of purchasing or carrying, or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry, any margin security or margin stock or for any other purpose which might constitute the transactions contemplated hereby a "purpose credit" within the meaning of said Regulations T, U or X, or cause this Agreement to violate any other regulation of the Board of Governors of the Federal Reserve System or the Exchange Act, or any rules or regulations promulgated under such statutes.

(h) No Loan Party Obligor shall vote to enable, or take any other action to cause or to permit, any Issuer to issue any equity interests of any nature, or to issue any other securities or interests convertible into or granting the right to purchase or exchange for any equity interests of any nature of any Issuer.

(i) No Loan Party Obligor shall take, or fail to take, any action that would in any manner impair the value or the enforceability of Lender's Lien on any of the Investment Property, or any of Lender's rights or remedies under this Agreement or any other Loan Document with respect to any of the Investment Property.

(j) In the case of any Loan Party Obligor which is an Issuer, such Issuer agrees that the terms of Section 7.3(g)(iii) of this Agreement shall apply to such Loan Party Obligor with respect to all actions that may be required of it pursuant to such Section 7.3(g)(iii) regarding the Investment Property issued by it.

5.7 Commercial Tort Claims. No Loan Party Obligor has any Commercial Tort Claims pending other than those listed in Section 2 of the Disclosure Schedule, and each Loan Party Obligor shall promptly (but in any case no later than five (5) Business Days thereafter) notify Lender in writing upon incurring or otherwise obtaining a Commercial Tort Claim after the date hereof against any third party. Such notice shall constitute such Loan Party Obligor's authorization to amend such Section 2 to add such Commercial Tort Claim and shall automatically be deemed to amend such Section 2 to include such Commercial Tort Claim.

5.8 Jurisdiction of Organization; Location of Collateral. Sections 1(c) and 1(d) of the Disclosure Schedule set forth (i) each place of business of each Loan Party Obligor (including its chief executive office), (ii) all locations where all Inventory, Equipment, and other Collateral owned by each Loan Party Obligor is kept, and (iii) whether each such Collateral location and/or place of business (including each Loan Party Obligor's chief executive office) is owned by a Loan Party or leased (and if leased, specifies the complete name and notice address of each lessor). No Collateral is located outside the United States or in the possession of any lessor, bailee, warehouseman or consignee, except as expressly indicated in Sections 1(c) and 1(d) of the Disclosure Schedule. Each Loan Party Obligor will give Lender at least thirty (30) days' prior written notice before changing its jurisdiction of organization, opening any additional place of business, changing its chief executive office or the location of its books and records, or moving any of the Collateral to a location other than one of the locations set forth in Sections 1(c) and 1(d) of the Disclosure Schedule, and will execute and deliver all financing statements, landlord waivers, collateral access agreements, mortgages, and all other agreements, instruments and documents which Lender shall require in connection therewith prior to making such change, all in form and substance satisfactory to Lender. Without the prior written consent of Lender, no Loan Party Obligor will at any time (x) change its jurisdiction of organization or (y) allow any Collateral to be located outside of the continental United States of America.

5.9 Financial Statements and Reports; Budget.

(a) All financial statements delivered to Lender by or on behalf of any Loan Party have been, and at all times will be, prepared in conformity with GAAP and completely and fairly reflect the financial condition of each Loan Party covered thereby, at the times and for the periods therein stated.

(b) The Budget was prepared in good faith by the Chief Financial Officer of Borrower and based upon assumptions which provide a reasonable basis for the projections contained therein and reflect Borrower's reasonable judgment based on present circumstances of the most likely set of conditions and course of action for the projected period.

5.10 Tax Returns and Payments; Pension Contributions. Each Loan Party has timely filed all tax returns and reports required by applicable law, has timely paid all applicable Taxes, assessments, deposits and contributions owing by such Loan Party and will, subject to any prohibition under the Bankruptcy Code with respect to pre-petition claims, but otherwise in accordance with applicable law, timely pay all such items in the future as they became due and payable. Each Loan Party may, however, defer payment of any contested taxes; ***provided***, that such Loan Party (i) in good faith contests its obligation to pay such Taxes by appropriate proceedings promptly and diligently instituted and conducted; (ii) notifies Lender in writing of the commencement of, and any material development in, the proceedings; (iii) posts bonds or takes any other commercially reasonable steps required to keep the contested taxes from becoming a Lien upon any of the Collateral and (iv) maintains adequate reserves therefor in conformity with GAAP. No Loan Party is aware of any claims or adjustments proposed for any prior tax years that could result in additional taxes becoming due and payable by any Loan Party. Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other applicable laws. Each Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter or opinion letter from the Internal Revenue Service to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the Internal Revenue Service. To the best knowledge of each Loan Party, nothing has occurred that would prevent or cause the loss of such tax-qualified status. There are no pending or, to the best knowledge of any Loan Party or any ERISA Affiliate, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to result in liabilities individually or

in the aggregate in excess of $50,000 on any Loan Party. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in liabilities individually or in the aggregate on any Loan Party in excess of $50,000. No ERISA Event has occurred, and except for the filing of the Case and actions that may be taken by a Loan Party Obligor thereunder, no Loan Party or any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan, in each case that could reasonably be expected to result in liabilities individually or in the aggregate in excess of $50,000. Each Loan Party and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained, in each case except as could not reasonably be expected to result in liabilities individually or in the aggregate to any Loan Party or any ERISA Affiliate in excess of $50,000. As of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 60% or higher and no Loan Party or any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of the most recent valuation date; (iv) no Loan Party nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid, except as could not reasonably be expected to result in liabilities individually or in the aggregate to any Loan Party or ERISA Affiliate in excess of $50,000. No Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA except as could not reasonably be expected to result in liabilities individually or in the aggregate to the Loan Parties in excess of $50,000. No Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan except as could not reasonably be expected to result in liabilities individually or in the aggregate to the Loan Parties in excess of $50,000.

5.11 Compliance with Laws; Intellectual Property; Licenses.

(a) Each Loan Party has complied, and will continue at all times to comply, in all material respects with all provisions of all applicable laws and regulations, including those relating to the ownership, use or operations of real or personal property, the conduct and licensing of each Loan Party's business, the payment and withholding of Taxes, ERISA and other employee matters, and safety and environmental matters.

(b) No Loan Party has received written notice of default or violation, nor is any Loan Party in default or violation, with respect to any judgment, order, writ, injunction, decree, demand or assessment issued by any court or any federal, state, local, municipal or other Governmental Authority relating to any aspect of any Loan Party's business, affairs, properties or assets. No Loan Party has received written notice of or been charged with, or is, to the knowledge of any Loan Party, under investigation with respect to, any violation in any material respect of any provision of any applicable law. No Loan Party or any real property owned, leased or used in the operation of the business of any Loan Party is subject to any federal, state or local investigation to determine whether any remedial action is needed to address any hazardous materials or an environmental release (as that term is defined under environmental and health and safety laws) at, on, or under any real property currently leased, owned or used by a Loan Party nor is a Loan Party liable for any environmental release identified or under investigation at, on or under any real property previously owned, leased or used by a Loan Party. No Loan Party has any contingent liability with respect to any environmental release, environmental pollution or hazardous material on any real property now or previously owned, leased or operated by it.

(c) No Loan Party Obligor owns any Intellectual Property, except as set forth in Section 4 of the Disclosure Schedule. Except as set forth in Section 4 of the Disclosure Schedule, none of the Intellectual Property owned by any Loan Party Obligor is the subject of any licensing or franchise agreement pursuant to which such Loan Party Obligor is the licensor or franchisor. Each Loan Party Obligor shall promptly (but in any event within thirty (30) days thereafter) notify Lender in writing of any additional Intellectual Property rights acquired or arising after the Closing Date and shall submit to Lender a supplement to Section 4 of the Disclosure Schedule to reflect such additional rights (*provided* that such Loan Party Obligor's failure to do so shall not impair Lender's security interest therein). Each Loan Party Obligor shall execute a separate security agreement granting Lender a security interest in such Intellectual Property (whether owned on the Closing Date or thereafter), in form and substance acceptable to Lender and suitable for registering such security interest in such Intellectual Property with the United States Patent and Trademark Office and/or United States Copyright Office, as applicable (*provided* that such Loan Party Obligor's failure to do so shall not impair Lender's security interest therein). Each Loan Party owns or has, and will at all times continue to own or have, the valid right to use all material patents, trademarks, copyrights, software, computer programs, equipment designs, network designs, equipment configurations, technology and other Intellectual Property used, marketed and sold in such Loan Party's business, and each Loan Party is in compliance, and will continue at all times to comply, in all material respects with all licenses, user agreements and other such agreements regarding the use of Intellectual Property. No Loan Party has any knowledge that, or has received any notice claiming that, any of such Intellectual Property infringes upon or violates the rights of any other Person.

(d) Each Loan Party has and will continue at all times to have, all federal, state, local and other licenses and permits required to be maintained in connection with such Loan Party's business operations, and its ownership, use and operation of any real property, and all such licenses and permits, necessary for the operation of the business are valid and will remain and in full force and effect. Each Loan Party has, and will continue at all times to have, complied with the requirements of such licenses and permits in all material respects, and has received no written notice of any pending or threatened proceedings for the suspension, termination, revocation or limitation thereof. No Loan Party is aware of any facts or conditions that could reasonably be expected to cause or permit any of such licenses or permits to be voided, revoked or withdrawn.

(e) In addition to and without limiting the generality of clause (a) above, (i) comply in all material respects with applicable provisions of ERISA and the IRC with respect to all Plans, (ii) without the prior written consent of Lender, not take any action or fail to take action the result of which could result in a Loan Party or ERISA Affiliate incurring a material liability to the PBGC or to a Multiemployer Plan (other than to pay contributions or premiums payable in the ordinary course), (iii) not allow any facts or circumstances to exist with respect to one or more Plans that, in the aggregate, reasonably could be expected to result in a Material Adverse Effect, (iv) not participate in any prohibited transaction that could result in other than a de minimis civil penalty excise tax, fiduciary liability or correction obligation under ERISA or the IRC, (v) operate each Plan in such a manner that will not incur any material tax liability under the IRC (including Section 4980B of the IRC), and (vi) furnish to Lender upon Lender's written request such additional information about any Plan for which any Loan Party or ERISA Affiliate could reasonably expect to incur any material liability. With respect to each Pension Plan (other than a Multiemployer Plan) except as could not reasonably be expected to result in liability to the Loan Parties, the Loan Parties and the ERISA Affiliates shall (y) satisfy in full and in a timely manner, without incurring any late payment or underpayment charge or penalty and without giving rise to any Lien, all of the contribution and funding requirements of the IRC and of ERISA, and (z) pay, or cause to be paid, to the PBGC in a timely manner, without incurring any late payment or underpayment charge or penalty, all premiums required pursuant to ERISA.

5.12 Litigation. Section 1(e) of the Disclosure Schedule discloses all claims, proceedings, litigation or investigations pending or (to the best of each Loan Party Obligor's knowledge) threatened against any Loan Party as of the Closing Date. Except as set forth in Section 1(e) of the Disclosure Schedule and those claims, suits, litigation, proceedings or investigations that have arisen prior to the Closing Date from the closure of the Borrower's acute care facility previously located at 3905 Ford Road, Philadelphia, Pennsylvania and the underlying circumstances related thereto, there is no claim, suit, litigation, proceeding or investigation pending or (to the best of each Loan Party Obligor's knowledge) threatened by or against or affecting any Loan Party in any court or before any Governmental Authority (or any basis therefor known to any Loan Party Obligor) which may result, either separately or in the aggregate, in liability in excess of $25,000 for the Loan Parties, in any Material Adverse Effect, or in any material impairment in the ability of any Loan Party to carry on its business in substantially the same manner as it is now being conducted.

5.13 Use of Proceeds. All proceeds of all Loans shall be used by Borrower solely (i) to pay the fees, costs, and expenses incurred in connection with this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby, (ii) for Borrower's working capital purposes strictly in accordance with the Budget, (iii) to pay for Allowed Professional Fees and Statutory Fees allocated to the Borrower during the Case strictly in accordance with the Budget and (iv) for such other purposes as specifically permitted pursuant to the terms of this Agreement, the Interim Order or the Final Order, including as permitted pursuant to Section 5.29 of this Agreement. All proceeds of all Loans will be used solely for lawful business purposes.

5.14 Insurance.

(a) Each Loan Party will at all times carry property, liability and other insurance, with insurers acceptable to Lender, in such form and amounts, and with such deductibles and other provisions, as Lender shall require, and Borrower will provide Lender with evidence satisfactory to Lender that such insurance is, at all times, in full force and effect. A true and complete listing of such insurance as of the Closing Date, including issuers, coverages and deductibles, is set forth in Section 5 of the Disclosure Schedule. Each property insurance policy shall name Lender as loss payee and shall contain a lender's loss payable endorsement in form acceptable to Lender, each liability insurance policy shall name Lender as an additional insured, and each business interruption insurance policy shall be collaterally assigned to Lender, all in form and substance reasonably satisfactory to Lender. All policies of insurance shall provide that they may not be cancelled or changed without at least thirty (30) days' prior written notice to Lender, and shall otherwise be in form and substance reasonably satisfactory to Lender. Borrower shall advise Lender promptly of any policy cancellation, non-renewal, reduction, or material amendment with respect to any insurance policies maintained by any Loan Party or any receipt by any Loan Party of any notice from any insurance carrier regarding any intended or threatened cancellation, non-renewal, reduction or material amendment of any of such policies, and Borrower shall promptly deliver to Lender copies of all notices and related documentation received by any Loan Party in connection with the same.

(b) Borrower shall deliver to Lender no later than fifteen (15) days prior to the expiration of any then current insurance policies, insurance certificates evidencing renewal of all such insurance policies required by this Section 5.14. Borrower shall deliver to Lender, upon Lender's request, certificates evidencing such insurance coverage in such form as Lender shall specify. If any Loan Party fails to provide Lender with a certificate of insurance or other evidence of the continuing insurance coverage required by this Agreement within the time period set forth in the first sentence of this Section 5.14(b), Lender may purchase insurance required by this Agreement at Borrower's expense. This insurance may, but need not, protect any Loan Party's interests.

5.15 Financial, Collateral and Other Reporting / Notices. Each Loan Party has kept and will at all times keep adequate records and books of account with respect to its business activities and the Collateral in which proper entries are made in accordance with GAAP reflecting all its financial transactions. The Borrower will cause to be prepared and furnished to Lender, in each case in a form and in such detail as is acceptable to Lender the following items (the items to be provided under this Section 5.15 shall be delivered to Lender by posting on Passport 6.0 (or, if requested by Lender, by another form of Approved Electronic Communication or in writing)):

(a) **Annual Financial Statements.** Not later than one hundred eighty (180) days after the close of each Fiscal Year, unqualified, audited financial statements of each Loan Party as of the end of such Fiscal Year, including balance sheet, income statement, and statement of cash flow for such Fiscal Year, in each case on a consolidated and consolidating basis, audited and certified (without qualification) by a firm of independent certified public accountants of recognized standing selected by Borrower but acceptable to Lender, together with a copy of any management letter issued in connection therewith. Concurrently with the delivery of such financial statements, Borrowing Agent shall deliver to Lender a Compliance Certificate, indicating whether (i) Borrower is in compliance with each of the covenants specified in Section 5.26, and setting forth a detailed calculation of such covenants, and (ii) any Default or Event of Default is then in existence;

(b) **Interim Financial Statements.** Not later than thirty (30) days after the end of each month hereafter, including the last month of each Fiscal Year, (i) the Monthly Financial Model and (ii) unaudited interim financial statements of each Loan Party as of the end of such month and of the portion of such Fiscal Year then elapsed, including balance sheet, income statement, statement of cash flow, and results of their respective operations during such month and the then-elapsed portion of the Fiscal Year, together with comparative figures for the same periods in the immediately preceding Fiscal Year and the corresponding figures from the budget for the Fiscal Year covered by such financial statements, in each case on a consolidated and consolidating basis, certified by an Authorized Officer of Borrowing Agent as prepared in accordance with GAAP and fairly presenting the consolidated financial position and results of operations (including management discussion and analysis of such results) of each Loan Party for such month and period subject only to changes from ordinary course year-end audit adjustments and except that such statements need not contain footnotes. Concurrently with the delivery of such financial statements, Borrowing Agent shall deliver to Lender a Compliance Certificate, indicating whether (x) Borrower is in compliance with each of the covenants specified in Section 5.26, and setting forth a detailed calculation of such covenants, and (y) any Default or Event of Default is then in existence;

(c) **Borrowing Base / Collateral Reports / Insurance Certificates / Disclosure Schedules / Other Items**. The items described on Schedule D hereto by the respective dates set forth therein.

(d) **Projections, Etc.** Not later than thirty (30) days prior to the end of each Fiscal Year, monthly business projections for the following Fiscal Year for the Loan Parties on a consolidated and consolidating basis, which projections shall include for each such period Borrowing Base projections, profit and loss projections, balance sheet projections, income statement projections and cash flow projections, together with appropriate supporting details and a statement of underlying assumptions used in preparing such projections;

(e) **Shareholder Reports, Etc.** To the extent the following are not publicly available on the website of the Securities and Exchange Commission, promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports which each Loan Party has made available to its shareholders and copies of any regular, periodic and special reports

or registration statements which any Loan Party files with the Securities and Exchange Commission or any Governmental Authority which may be substituted therefor, or any national securities exchange;

(f) **ERISA Reports.** Copies of any annual report to be filed pursuant to the requirements of ERISA in connection with each plan subject thereto promptly upon request by Lender and in addition, each Loan Party shall promptly notify Lender upon having knowledge of any ERISA Event; and

(g) **Tax Returns.** Upon request from Lender, each federal and state income tax return filed by any Loan Party or Other Obligor promptly, together with such supporting documentation as is supplied to the applicable tax authority with such return and proof of payment of any amounts owing with respect to such return.

(h) **Notification of Certain Changes.** Borrower will promptly (and in no case later than the earlier of (i) three (3) Business Days after the occurrence of any of the following and (ii) such other date that such information is required to be delivered pursuant to this Agreement or any other Loan Document) notify Lender in writing of: (a) the occurrence of any Default or Event of Default, (b) the occurrence of any event that has had, or may reasonably be expected to have, a Material Adverse Effect, (c) any change in any Loan Party's Senior Officers or directors, (d) any material investigation, action, suit, proceeding or claim (or any material development with respect to any existing investigation, action, suit, proceeding or claim) relating to any Loan Party, any officer or director of a Loan Party, the Collateral or which may result in an adverse impact upon any Loan Party's business, assets or financial condition, (e) any violation or asserted violation of any applicable law (including OSHA or any Environmental Laws), if an adverse resolution could have a Material Adverse Effect or otherwise result in material liability to any Loan Party Obligor, (f) any event or the existence of any circumstance that has resulted in, or could reasonably be expected to result in, any material adverse change in the business or financial affairs of any Loan Party, any Default, or any Event of Default, or which would make any representation or warranty previously made by any Loan Party to Lender untrue in any material respect or constitute a material breach if such representation or warranty was then being made, (g) any actual or alleged breaches of any Material Contract or termination or threat to terminate any Material Contract or any material amendment to or modification of a Material Contract, or the execution of any new Material Contract by any Loan Party, and (h) any change in any Loan Party's certified accountant; ***provided that,*** the closure of the Borrower's acute care facility previously located at 3905 Ford Road, Philadelphia, PA and any events or actions related thereto as of the Closing Date shall be excluded for purposes of the foregoing clauses (a) through (g). In the event of each such notice under this Section 5.15(h), Borrower shall give notice to Lender of the action or actions that each Loan Party has taken, is taking, or proposes to take with respect to the event or events giving rise to such notice obligation.

(i) **Bankruptcy Schedules**. Borrower shall:

(i) File with the Bankruptcy Court and deliver to Lender, within twenty (20) days after the Closing Date, all schedules and statement of financial affairs required to be filed with the Bankruptcy Court under the Federal Rules of Bankruptcy Procedure with respect to Borrower and the other debtors in the Case; and

(ii) File with the Bankruptcy Court, as soon as reasonably practicable after the Closing Date, but in no event later than ninety (90) days following the Closing Date, a Reorganization Plan that does not cause an Event of Default under Section 7.1(cc) and is acceptable to PHMC; and

(iii) Serve (a) Lender; (b) the United States Trustee for the Eastern District of Pennsylvania; (c) counsel to the Creditors' Committee; (d) all parties known to Borrower who hold any

liens or security interest in Borrower's assets who have filed UCC-1 financing statements against Borrower, or who, to Borrower's knowledge, have asserted any liens on any of Borrower's assets, including M&T Bank and Learn and Play, Inc.; (e) all landlords of Borrower; (f) the Internal Revenue Service and all taxing authorities in the State of Pennsylvania; (g) all creditors known to Borrower to be holding a judgment and (h) certain other parties identified in the certificates of service filed with the Bankruptcy Court a copy of all first day motions, the Interim Order and the Final Order as approved by the Bankruptcy Court in accordance with the Federal Rules of Bankruptcy Procedure.

(j) **Budget**. Loan Party Obligors shall:

(i) Furnish Lender, not later than 5:00 p.m. (Eastern time) on the Wednesday of each week commencing with the Closing Date and promptly upon request, an updated Budget for the period commencing the Monday of the current week and through the following thirteen (13) weeks (or such longer period requested by Lender), each to be accompanied by a certificate signed by an Authorized Officer of Borrower to the effect that such Budget has been prepared on the basis of sound financial planning practice consistent with past budgets and financial statements, that such officer has no reason to question the reasonableness of any material assumptions on which such projections were prepared and the Budget has been thoroughly reviewed by the Borrower, their management and the advisors.

(ii) Not later than 5:00 p.m. (Eastern time) on the Wednesday of each week, commencing on October 18, 2017 (or such earlier Wednesday that is the fourth Wednesday following the Closing Date), in connection with the delivery of the Budget required in Section 5.15(j)(i), furnish to Lender, in form and substance satisfactory to Lender, a report (the "***Budget Compliance Report***") that sets forth, for (a) the immediately preceding cumulative four (4) week period, and (b) the immediately preceding week, a comparison of the actual revenue to the projected revenue, a comparison of (1) the actual cash disbursements to the projected cash disbursements, (2) the actual cash receipts to the projected cash receipts, (3) the actual loan balance to the projected loan balance at the end of the applicable period, and (4) the actual Excess Availability of Borrower to the projected Excess Availability of Borrower at the end of the applicable period, each as set forth in the Budget for such period (and in each case, stating the percentage by which such actual disbursements, receipts, balance or Excess Availability, as applicable, deviate from the Budget), together with a certification from the Loan Party Obligors' Chief Financial Officer (in his capacity as an officer, not individually) that no Material Budget Deviation has occurred, together with the calculations evidencing that no Material Budget Deviation has occurred in form and substance satisfactory to Lender.

(k) **Other Bankruptcy Documents**. Deliver to Lender: (a) contemporaneous with the filing thereof, copies of all pleadings, motions, applications, financial information and other papers and documents filed by the Debtors in the Case, with copies of such papers and documents also provided to or served on Lender's counsel; (b) contemporaneously with delivery thereof to the Creditors' Committee or any other official or unofficial creditors' committee in the Case, copies of all material written reports and all term sheets for a Reorganization Plan or any sale under Section 363 of the Bankruptcy Code given by the Debtors to the Creditors' Committee or any other official or unofficial creditors' committee in the Case, with copies of such reports and term sheets also provided to or served on Lender's counsel; and (c) projections, operating plans and other financial information and information, reports or statements regarding the Debtors, their business and the Collateral as Lender may from time to time reasonably request.

(l) **Other Information.** Promptly upon request, such other data and information (financial and otherwise) as Lender, from time to time, may reasonably request, bearing upon or related to

the Collateral or each Loan Party's and each Other Obligor's business or financial condition or results of operations.

(m) Each Loan Party shall simultaneously furnish each of the items set forth above to the Creditors' Committee except for (i) items filed on the docket in the case; (ii) items (a), backup documentation relating to (b), (e), (l), and (n) referenced on Schedule D attached hereto, and (iii) information furnished to the Lender pursuant to Section 5.15(e) above by posting on Passport 6.0.

5.16 Litigation Cooperation. Should any third-party suit, regulatory action, or any other judicial, administrative, or similar proceeding be instituted by or against Lender with respect to any Collateral or in any manner relating to any Loan Party, this Agreement, any other Loan Document or the transactions contemplated hereby, each Loan Party Obligor shall, without expense to Lender, make available each Loan Party, such Loan Party's officers, employees and agents, and any Loan Party's books and records, without charge, to the extent that Lender may deem them reasonably necessary in order to prosecute or defend any such suit or proceeding.

5.17 Maintenance of Collateral, Etc. Each Loan Party Obligor will maintain all of the Collateral in good working condition, ordinary wear and tear excepted, and no Loan Party Obligor will use the Collateral for any unlawful purpose.

5.18 Material Contracts. Except as expressly disclosed in Section 1(h) of the Disclosure Schedule, no Loan Party is (a) a party to any contract which has had or could reasonably be expected to have a Material Adverse Effect or (b) in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (x) any contract to which it is a party or by which any of its assets or properties is bound, which default, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or result in liabilities in excess of $25,000 or (y) any Material Contract. Except for the contracts and other agreements listed in Section 1(h) of the Disclosure Schedule, no Loan Party is party, as of the Closing Date, to any (i) employment agreements covering the management of any Loan Party, (ii) collective bargaining agreements or other labor agreements covering any employees of any Loan Party, (iii) agreements for managerial, consulting or similar services to which any Loan Party is a party or by which it is bound, (iv) agreements regarding any Loan Party, its assets or operations or any investment therein to which any of its equity holders is a party, (v) patent licenses, trademark licenses, copyright licenses or other lease or license agreements to which any Loan Party is a party, either as lessor or lessee, or as licensor or licensee, (vi) distribution, marketing or supply agreements to which any Loan Party is a party, (vii) customer agreements to which any Loan Party is a party (in each case with respect to any contract of the type described in the preceding clauses (i), (iii), (iv), (v), (vi) and (vii) requiring payments of more than $100,000 in the aggregate in any Fiscal Year), (viii) partnership agreements to which any Loan Party is a partner, limited liability company agreements to which any Loan Party is a member or manager, or joint venture agreements to which any Loan Party is a party, (ix) real estate leases, or (x) any other contract to which any Loan Party is a party, in each case with respect to this clause (x) the breach, nonperformance or cancellation of which, could reasonably be expected to have a Material Adverse Effect; (each such contract and agreement, described in the preceding clauses (i) to (x), a "***Material Contract***").

5.19 No Default. No Default or Event of Default has occurred and is continuing and no Loan Party is in default in the payment or performance of any of its post-petition contractual obligations required to be performed by an order of the Bankruptcy Court.

5.20 No Material Adverse Change. Since December 31, 2016 there has been no material adverse change in the financial condition, business, prospects, operations, or properties of any Loan Party

or any Other Obligor, other than the closure of the Borrower's acute care facility previously located at 3905 Ford Road, Philadelphia, Pennsylvania 19131 and the underlying circumstances related thereto.

5.21 Full Disclosure. No written report, notice, certificate, information or other statement delivered or made (including, in electronic form) by or on behalf of any Loan Party, any Other Obligor or any of their respective Affiliates to Lender in connection with this Agreement or any other Loan Document contains or will at any time contain any untrue statement of a material fact, or omits or will at any time omit to state any material fact necessary to make any statements contained herein or therein not misleading. Except for matters of a general economic or political nature which do not affect any Loan Party or any Other Obligor uniquely, there is no fact presently known to any Loan Party Obligor which has not been disclosed to Lender, which has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, other than the closure of the Borrower's acute care facility previously located at 3905 Ford Road, Philadelphia, Pennsylvania 19131 and the underlying circumstances related thereto.

5.22 Sensitive Payments. No Loan Party (a) has made or will at any time make any contributions, payments or gifts to or for the private use of any governmental official, employee or agent where either the payment or the purpose of such contribution, payment or gift is illegal under the applicable laws of the United States or the jurisdiction in which made or any other applicable jurisdiction, (b) has established or maintained or will at any time establish or maintain any unrecorded fund or asset for any purpose or made any false or artificial entries on its books, (c) has made or will at any time make any payments to any Person with the intention that any part of such payment was to be used for any purpose other than that described in the documents supporting the payment, or (d) has engaged in or will at any time engage in any "trading with the enemy" or other transactions violating any rules or regulations of the Office of Foreign Assets Control or any similar applicable laws, rules or regulations.

5.23 [Reserved].

5.24 [Reserved].

5.25 Negative Covenants. No Loan Party Obligor shall, and no Loan Party Obligor shall permit any other Loan Party to, without Lender's prior written consent or pursuant to a Reorganization Plan that does not constitute an Event of Default under Section 7.1(cc):

(a) merge or consolidate with another Person, form any new Subsidiary or acquire any interest in any Person;

(b) acquire any assets except in the ordinary course of business and as otherwise expressly permitted by this Agreement;

(c) enter into any transaction outside the ordinary course of business that is not expressly permitted by this Agreement;

(d) sell, transfer, return, or dispose of any Collateral or other assets, except that each Loan Party may enter into any sales or dispositions expressly permitted by the Interim Order or Final Order;

(e) make any loans to, or investments in, any Affiliate or other Person in the form of money or other assets;

(f) incur any Indebtedness other than the Obligations and Permitted Indebtedness;

(g) create, incur, assume or suffer to exist any Lien or other encumbrance of any nature whatsoever, other than in favor of Lender to secure the Obligations, on any of the Collateral whether now or hereafter owned, other than Permitted Liens;

(h) guaranty or otherwise become liable with respect to the obligations of any Person other than (i) the Obligations and (ii) guarantees in respect of Permitted Indebtedness;

(i) pay or declare any dividends or other distributions on any Loan Party's Equity Interests (except for dividends payable solely in capital stock or other equity interests of such Loan Party and dividends and distributions to Borrower);

(j) redeem, retire, purchase or otherwise acquire, directly or indirectly, any of Loan Party's Equity Interests;

(k) make any change in any Loan Party's capital structure;

(l) dissolve or elect to dissolve;

(m) engage, directly or indirectly, in a business other than the business which is being conducted on the date hereof or any business reasonably related, incidental or ancillary thereto, wind up its business operations or cease substantially all, or any material portion, of its normal business operations, or suffer any material disruption, interruption or discontinuance of a material portion of its normal business operations;

(n) pay any principal or other amount on any Indebtedness that is contractually subordinated to Lender in violation of the applicable subordination or intercreditor agreement or optionally prepay, redeem, defease, purchase, or otherwise acquire any Indebtedness of any Loan Party or its Subsidiaries, other than the Obligations in accordance with this Agreement**;**

(o) directly or indirectly pay, prepay, repurchase, redeem, retire or otherwise acquire, or make any payment on account of any principal of, interest on or premium payable in connection with the repayment or redemption of any pre-petition Indebtedness;

(p) enter into any transaction with an Affiliate other than on arms-length terms disclosed to, and approved by, Lender in writing;

(q) change its jurisdiction of organization or enter into any transaction which has the effect of changing its jurisdiction of organization except as provided for in Section 5.8;

(r) agree, consent, permit or otherwise undertake to amend or otherwise modify any of the terms or provisions of any Loan Party's Organic Documents, except for such amendments or other modifications required by applicable law or that are not adverse to Lender, and then, only to the extent such amendments or other modifications are fully disclosed in writing to Lender no less than five (5) Business Days prior to being effectuated;

(s) enter into or assume any agreement prohibiting the creation or assumption of any Lien on the Collateral to secure the Obligations upon its properties or assets, whether now owned or hereafter acquired;

(t) create or otherwise cause or suffer to exist or become effective any encumbrance or restriction (other than any Loan Documents) of any kind on the ability of any such Person to pay or

make any dividends or distributions to Borrower, to pay any of the Obligations, to make loans or advances or to transfer any of its property or assets to Borrower, except customary terms and conditions in respect of any Permitted Indebtedness or Permitted Liens or

(u) agree, consent, permit or otherwise undertake to amend or otherwise modify any of the terms or provisions of the Affiliation Agreement or the Management Agreement.

5.26 [Reserved].

5.27 Employee and Labor Matters. There is (i) no unfair labor practice complaint pending or, to the knowledge of any Borrower, threatened against any Loan Party Obligor or its Subsidiaries before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against any Loan Party Obligor or its Subsidiaries which arises out of or under any collective bargaining agreement and that could reasonably be expected to result in a material liability, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened in writing against any Loan Party Obligor or its Subsidiaries that could reasonably be expected to result in a material liability, or (iii) to the knowledge of any Borrower, after due inquiry, no union representation question existing with respect to the employees of any Loan Party Obligor or its Subsidiaries and no union organizing activity taking place with respect to any of the employees of any Loan Party Obligor or its Subsidiaries. None of any Loan Party Obligor or its Subsidiaries has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar state law, which remains unpaid or unsatisfied. The hours worked and payments made to employees of each Loan Party and its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements. All material payments due from any Loan Party or its Subsidiaries on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of Borrowers, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a material liability.

5.28 Approved Contracts. Borrower shall, in connection with the renewal of any, or execution of any new, contract with any Governmental Authority, obtain such Governmental Authority's written agreement that the Bankruptcy Court's confirmation of a Reorganization Plan pursuant to which PHMC (or an Affiliate thereof) owns or controls a majority of the voting Equity Interests of a Borrower does not constitute a default or event of default under such contract. All revenue producing contracts must be renewed by no later than October 31, 2017, or, if such revenue producing contracts have not been renewed by such date, Borrower shall provide evidence that contract renewal is in process and Borrower is using its best efforts to obtain renewal as quickly as possible.

5.29 Bankruptcy Matters. No Loan Party Obligor shall, and no Loan Party Obligor shall permit any Loan Party, to:

(a) Directly or indirectly, seek, consent to or suffer to exist: (i) any modification, stay, vacation or amendment to the Interim Order or the Final Order, unless the Lender has consented to such modification, stay, vacation or amendment in writing; (ii) a priority claim for any administrative expense or unsecured claim (now existing or hereafter arising of any kind or nature whatsoever, including any administrative expenses of the kind specified in the Bankruptcy Code, including without limitation Sections 105, 326, 328, 330, 331, 364(c)(1), 365, 503, 506(c), 507, 546, 726, 1113 or 1114 of the Bankruptcy Code) equal or superior to the Superpriority Claim of Lender in respect of the Obligations; or (iii) any Lien on any Collateral, having a priority equal or superior to the Lien in favor of the Lender in respect of the Obligations (subject only to Permitted Priority Liens and the Carve-Out);

(b) Prior to the Termination Date, pay any administrative expense claims not provided for in the Budget; provided however that Borrower may pay administrative expense claims with respect to (i) Obligations due and payable hereunder and (ii) Allowed Professional Fees and Statutory Fees as set forth in the Budget allocated to Borrower during the Case; or

(c) Make any material expenditure except of the type and for the purposes provided for in the Budget.

6. RELEASE, LIMITATION OF LIABILITY AND INDEMNITY.

6.1 Release.

(a) Borrower and each other Loan Party Obligor on behalf of itself and its successors, assigns, heirs, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Lender and any and all Participants, their successors and assigns, their Affiliates, their respective directors, officers, employees, attorneys and agents and any other Person affiliated with or representing Lender (the "***Released Parties***") of and from any and all liability, including all actual or potential claims, demands or causes of action of any kind, nature or description whatsoever, whether arising in law or equity or under contract or tort or under any state or federal law or otherwise which Borrower or any Loan Party or any of their successors, assigns, or other legal representatives has had, now has or has made claim to have against any of the Released Parties for or by reason of any act, omission, matter, cause or thing whatsoever, including any liability arising from acts or omissions pertaining to the transactions contemplated by this Agreement and the other Loan Documents, whether based on errors of judgment or mistake of law or fact, from the beginning of time to and including the Closing Date, whether such claims, demands and causes of action are matured or known or unknown (except any liability arising solely as the result of the gross negligence or willful misconduct of such Released Parties, as finally determined by a court of competent jurisdiction). Notwithstanding any provision in this Agreement to the contrary, this Section 6.1 shall remain operative even after the Termination Date and shall survive the payment in full of all of the Loans. Such release is made on the date hereof and remade upon each request for a Loan by Borrower.

(b) Upon the entry of the Interim Order and of the Final Order, each Loan Party Obligor, on behalf of itself and the Releasors, hereby absolutely, unconditionally and irrevocably, covenants and agrees with each Released Party that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any claim released, remised and discharged pursuant to this Section 6.1. If any Releasor violates the foregoing covenant, Borrower agrees to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all attorneys' fees and costs incurred by any Released Party as a result of such violation.

6.2 Limitation of Liability. In no circumstance will any of the Released Parties be liable for lost profits or other special, punitive, or consequential damages. Notwithstanding any provision in this Agreement to the contrary, this Section 6.2 shall remain operative even after the Termination Date and shall survive the payment in full of all of the Loans.

6.3 Indemnity/Currency Indemnity.

(a) Each Loan Party Obligor hereby agrees to indemnify the Released Parties and hold them harmless from and against any and all claims, debts, liabilities, losses, demands, obligations, actions, causes of action, fines, penalties, costs and expenses (including attorneys' fees and consultants' fees), of every nature, character and description (including, without limitation, natural resources damages, property damage and claims for personal injury), which the Released Parties may sustain or incur based

upon or arising out of any of the transactions contemplated by this Agreement or any other Loan Documents or any of the Obligations, including any Collateral relating thereto, or any other matter, including any breach of any covenant or representation or warranty relating to any environmental and health and safety laws or an environmental release, cause or thing whatsoever occurred, done, omitted or suffered to be done by Lender relating to any Loan Party or the Obligations (except any such amounts sustained or incurred solely as the result of the gross negligence or willful misconduct of such Released Parties, as finally determined by a court of competent jurisdiction). Notwithstanding any provision in this Agreement to the contrary, this Section 6.3 shall remain operative even after the Termination Date and shall survive the payment in full of all of the Obligations.

(b) If, for the purposes of obtaining or enforcing judgment in any court in any jurisdiction with respect to this Agreement or any Loan Document, it becomes necessary to convert into the currency of such jurisdiction (the "***Judgment Currency***") any amount due under this Agreement or under any Loan Document in any currency other than the Judgment Currency (the "***Currency Due***") (or for the purposes of Section 1.7(b)), then, to the extent permitted by law, conversion shall be made at the exchange rate reasonably selected by Lender on the Business Day before the day on which judgment is given (or for the purposes of Section 1.7(b), on the Business Day on which the payment was received by the Lender). In the event that there is a change in such exchange rate between the Business Day before the day on which the judgment is given and the date of receipt by the Lender of the amount due, each Loan Party Obligor shall to the extent permitted by law, on the date of receipt by Lender, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any as may be necessary to ensure that the amount received by Lender on such date is the amount in the Judgment Currency which (when converted at such exchange rate on the date of receipt by Lender in accordance with normal banking procedures in the relevant jurisdiction) is the amount then due under this Agreement or such Loan Document in the Currency Due. If the amount of the Currency Due (including any Currency Due for purposes of Section 1.7(b)) which the Lender is so able to purchase is less than the amount of the Currency Due (including any Currency Due for purposes of Section 1.7(b)) originally due to it, each Loan Party Obligor shall to the extent permitted by law jointly and severally indemnify and save Lender harmless from and against loss or damage arising as a result of such deficiency.

7. EVENTS OF DEFAULT AND REMEDIES.

7.1 Events of Default. The occurrence of any of the following events shall constitute an "***Event of Default***":

(a) if any warranty, representation, statement, report or certificate made or delivered to Lender by or on behalf of any Loan Party or any Other Obligor is untrue or misleading in any material respect;

(b) if any Loan Party Obligor or any Other Obligor fails to pay to Lender, (i) when due, any principal or interest payment required under this Agreement or any other Loan Document, or (ii) within three (3) Business Days when due, any other monetary Obligation;

(c) (1) if any Loan Party or any Other Obligor defaults in the due observance or performance of any covenant, condition or agreement contained in Section 3.2, 3.5, 4.1, 4.6, 4.7, 4.8, 5.2 (limited to the last sentence of Section 5.2), 5.3, 5.13, 5.14, 5.15, 5.17, 5.25, 5.28, or 5.29 of this Agreement; or

(2) if any Loan Party or any Other Obligor defaults in the due observance or performance of any covenant, condition or agreement contained in any provision of this Agreement or any other Loan Document and not addressed in clauses Sections 7.1(a), (b) or (c)(1), and the continuance

of such default unremedied for a period of fifteen (15) Business Days; provided that such fifteen (15) Business Day grace period shall not be available for any default that is not reasonably capable of being cured within such period or for any intentional default;

(d) if one or more judgments aggregating in excess of $25,000 is obtained against any Loan Party or any Other Obligor which remains unstayed for more than thirty (30) days or is enforced;

(e) any default with respect to any Indebtedness (other than the Obligations) of any Loan Party or any Other Obligor if (i) such default shall consist of the failure to pay such Indebtedness when due, whether by acceleration or otherwise, or (ii) the effect of such default is to permit the holder, with or without notice or lapse of time or both, to accelerate the maturity of any such Indebtedness or to cause such Indebtedness to become due prior to the stated maturity thereof (without regard to the existence of any subordination or intercreditor agreements);

(f) the dissolution, death, termination of existence or business failure or suspension or cessation of business as usual (other than arising in connection with or during the administration of the Case in a manner consistent with the Budget) of any Loan Party or any Other Obligor (or of any general partner of any Loan Party or any Other Obligor if it is a partnership);

(g) the termination or rejection of the Affiliation Agreement or the Management Agreement;

(h) [Reserved];

(i) the actual or attempted revocation or termination of, or limitation or denial of liability under, any guaranty of any of the Obligations, or any security document securing any of the Obligations, by any Loan Party or Other Obligor;

(j) if any Loan Party or Other Obligor makes any payment on account of any Indebtedness or obligation which has been contractually subordinated to the Obligations other than payments which are not prohibited by the applicable subordination provisions pertaining thereto, or if any Person who has subordinated such Indebtedness or obligations attempts to limit or terminate any applicable subordination provisions pertaining thereto;

(k) if there is any actual indictment or conviction of Borrower, any Guarantor or any of their respective Senior Officers under any criminal statute in each case related to a felony committed in the direct conduct of Borrower's, or such Guarantor's business, as applicable;

(l) if, except in connection with Reorganization Plan that does not cause an Event of Default pursuant to Section 7.1(cc), (i) Borrower 1 shall cease to directly own and control 100% of each class of the outstanding equity interests of Borrower 2 and Borrower 3, or (ii) Borrower shall cease to, directly or indirectly, own and control 100% of each class of the outstanding equity interests of each other Loan Party;

(m) if a Reorganization Plan that does not cause an Event of Default pursuant to Section 7.1(cc) and is acceptable to PHMC is not confirmed by the Bankruptcy Court in a final order within one hundred fifty (150) days following the Closing Date;

(n) if any Lien purported to be created by any Loan Document shall cease to be a valid perfected first priority Lien (subject only to any priority accorded by law to Permitted Priority Liens

and the Carve-Out) on any portion of the Collateral, or any Loan Party or any Other Obligor shall assert in writing that any Lien purported to be created by any Loan Document is not a valid perfected first priority lien (subject only to any priority accorded by law to Permitted Priority Liens and the Carve-Out) on the assets or properties purported to be covered thereby;

(o) if any of the Loan Documents shall cease to be in full force and effect (other than as a result of the discharge thereof in accordance with the terms thereof or by written agreement of all parties thereto);

(p) if Lender determines in good faith that the Collateral is insufficient to fully secure the Obligations or that the prospect of payment of performance of the Obligations is impaired;

(q) if (A) the outstanding balance of all Revolving Loans exceeds, at any time, the lesser of (x) the Maximum Revolving Facility Amount and (y) the Borrowing Base, or (B) any of the Loan Limits for Revolving Loans are, at any time, exceeded; or

(r) (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Loan Party or any ERISA Affiliate under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $50,000, (ii) the existence of any Lien under Section 430(k) or Section 6321 of the Code or Section 303(k) or Section 4068 of ERISA on any assets of a Loan Party or any ERISA Affiliate, or (iii) a Loan Party or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of $50,000;

(s) If (i) any Loan Party is enjoined, restrained or in any way prevented by any Governmental Authority from conducting any material part of its business, (ii) any Loan Party suffers the loss, revocation or termination of any material license, permit, lease or agreement necessary to its business, or (iii) there is a cessation of any material part of any Loan Party's business for a material period of time;

(t) the Bankruptcy Court shall enter any order (i) revoking, reversing, staying, vacating, rescinding, modifying, supplementing or amending the Interim Order, the Final Order, the Cash Management Order, any "first day" orders, this Agreement or any other Loan Document or (ii) permitting any administrative expense or any claim (now existing or hereafter arising, of any kind or nature whatsoever) to have administrative priority equal or superior to the priority of Lender in respect of the Obligations, or there shall arise any such Superpriority Claim, or (iii) to grant or permit the grant of a Lien on the Collateral superior to, or pari passu with, the Liens of Lender on the Collateral (other than Permitted Priority Liens and the Carve-Out);

(u) the Bankruptcy Court shall enter any order (i) appointing a Chapter 11 trustee under Section 1104 of the Bankruptcy Code in the Case, (ii) appointing an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code in the Case, (iii) appointing a fiduciary or representative of the estate with decision-making or other management authority over some or all of any Loan Party Obligor's senior management, (iv) substantively consolidating the estate of any Loan Party Obligor with the estate of any other Person (other than a Loan Party Obligor with another Loan Party Obligor), (v) dismissing the Case or converting the Case to a Chapter 7 case; or (vi) without the prior written Consent of Lender that approves a sale of any Loan Party Obligor's assets which order does not provide for payment of good funds at closing that would, upon consummation of such sale, be sufficient to indefeasibly pay and satisfy all Obligations and which shall otherwise be satisfactory to

Lender, and in connection with such sale order, Lender shall not have received a release of Lender in full from all claims of Loan Party Obligors and their estates on or before the entry of such sale order;

(v) this Agreement, any of the Loan Documents, the Interim Order or the Final Order for any reason ceases to be in full force and effect or is declared to be null and void by a court of competent jurisdiction, or any of the Loan Party Obligors or any other Person shall seek to, or shall support (in any such case by way of any motion or other pleading filed with the Bankruptcy Court or any other writing to another party-in-interest executed by or on behalf of such Loan Party Obligor or such Person) any other Person's motion (a "***Third Party Motion***") to, disallow in whole or in part Lender's claim in respect of the Obligations or to challenge the validity and enforceability of the Liens in favor of Lender and with respect to any such Third Party Motion, an order is granted by a court of competent jurisdiction granting such Third Party Motion; provided, however that the filing of any such Third Party Motion shall be immediately deemed to be a Default hereunder and unless such motion shall be withdrawn or denied pursuant to a final, non-appealable order of a court of competent jurisdiction, from and after the date of the filing of such Third Party Motion, Lender shall have no obligation to lend to or extend credit to Borrower under this Agreement and/or any other Loan Document;

(w) any Loan Party Obligor files a motion with the Bankruptcy Court or supports a motion filed with the Bankruptcy Court which fails to provide that Lender has the right to credit bid for any assets of Loan Party Obligors in connection with any sale pursuant to Section 363(k) of the Bankruptcy Code;

(x) the Bankruptcy Court shall enter any order granting relief from the automatic stay to any creditor holding or asserting a Lien, reclamation claim or other rights on the assets of any Loan Party Obligor, including, without limitation, M&T Bank and Learn and Play, Inc., except (1) personal injury claimants and (2) matters where the amount in controversy is less than $100,000.00;

(y) any application for any of the orders described in clauses (t), (u) or (w) above shall be made by a Person other than a Loan Party Obligor, and such application is not being diligently contested by any Loan Party Obligor in good faith;

(z) except as permitted by the Interim Order or the Final Order and set forth in the Budget or as otherwise agreed to by Lender in writing, any Loan Party Obligor shall make any Pre-Petition Payment (including, without limitation, related to any reclamation claims) following the Closing Date;

(aa) any Loan Party Obligor shall be unable to pay its post-petition debts as they mature, shall fail to comply with any order of the Bankruptcy Court in any material respect, or shall fail to make, as and when such payments become due or otherwise;

(bb) any Loan Party Obligor shall file a motion in the Case (i) to use cash collateral of Lender under Section 363 of the Bankruptcy Code without Lender's prior written consent except to the extent expressly permitted in the Interim Order or Final Order, (ii) to sell a material portion of the assets of any Loan Party Obligor without Lender's prior written consent, (iii) to recover from any portions of the Collateral any costs or expenses of preserving or disposing of such Collateral under Section 506(c) of the Bankruptcy Code, or to cut off rights in the Collateral under Section 552(b) of the Bankruptcy Code, (iv) to obtain additional loans or other financial accommodations under Sections 364(c) or (d) of the Bankruptcy Code not otherwise permitted under this Agreement, or (v) to take any other action or actions adverse to Lender or its rights and remedies hereunder or under any of the Loan Documents or Lender's interest in any of the Collateral;

(cc) (i) a Reorganization Plan is filed in the Case which does not contain provisions for termination of Lender's commitment to make Loans hereunder and indefeasible payment in full in cash of all Obligations on or before the effective date of such Reorganization Plan, for the release of the Lender in full from all claims of Loan Party Obligors and their estates on or before the effective date of such Reorganization Plan, and the continuation of the Liens and security interests granted to Lender until the effective date of such Reorganization Plan, or (ii) an order shall be entered by the Bankruptcy Court confirming a Reorganization Plan in the Case which does not contain provisions for termination of Lender's commitment to make Loans hereunder and indefeasible payment in full in cash of all Obligations and the release of the Lender in full from all claims of Loan Party Obligors and their estates on or before, and the continuation of the Liens and security interests granted to Lender until, the effective date of such Reorganization Plan upon entry thereof;

(dd) the expiration of the "exclusive period" and any extensions thereto of the Loan Party Obligors under Section 1121 of the Bankruptcy Code for the filing of a plan of reorganization;

(ee) any Loan Party Obligor engages in or supports any challenge to the validity, perfection, priority, extent or enforceability of the credit facility provided hereunder or the liens on or security interest in the assets of the Loan Party Obligors securing the Obligations; (ii) any Loan Party Obligor engages in or supports any investigation or asserts any claims or causes of action (or directly or indirectly support assertion of the same) against Lender; or (iii) any Loan Party Obligor files a motion or petitions the Bankruptcy Court to obtain additional financing that is pari passu or senior to the Obligations;

(ff) the termination or rejection of any material contract of any Loan Party Obligor which could reasonably be expected to result in a Material Adverse Effect;

(gg) the Final Order is not entered within 25 days after the Closing Date or, if the Interim Order expires or terminates prior to such date, the Final Order is not entered on the date of expiration or termination of the Interim Order;

(hh) a breach of the terms or provisions of the Interim Order or Final Order; or

(ii) if at any time commencing after delivery of the first Budget Compliance Report pursuant to Section 5.15(j)(ii) (the occurrence of any of the following, a "***Material Budget Deviation***"):

(i) actual aggregate operating cash receipts for the most recent Budget Test Period are less than eighty five percent (85%) of the projected aggregate operating cash receipts for such Budget Test Period set forth in the Budget (acceptable to Lender) delivered on the first day of such Budget Test Period;

(ii) actual aggregate cash disbursements for the most recent Budget Test Period are more than one hundred and fifteen percent (115%) of the projected aggregate cash disbursements for such Budget Test Period set forth in the Budget (acceptable to Lender) delivered on the first day of such Budget Test Period;

(iii) actual aggregate operating sales revenue for the most recent Budget Test Period are less than eighty five percent (85%) of the projected aggregate sales revenue for such Budget Test Period set forth in the Budget (acceptable to Lender) delivered on the first day of such Budget Test Period;

(iv) actual aggregate net cash flow for the most recent Budget Test Period are less than eighty five (85%) of the projected aggregate net cash flow for such Budget Test Period set forth in the Budget (acceptable to Lender) delivered on the first day of such Budget Test Period.

7.2 Remedies with Respect to Lending Commitments/Acceleration/Etc. Subject to Section 4.2 of the Interim Order and the Final Order, upon the occurrence and during the continuance of an Event of Default and at any time thereafter and without the necessity of seeking relief from the automatic stay or any further order of the Bankruptcy Court, Lender may, in Lender's sole discretion (i) terminate all or any portion of its commitment to lend to or extend credit to Borrower under this Agreement and/or any other Loan Document, without prior notice to any Loan Party, and/or (ii) terminate the Borrower's right, if any exists, to use Cash Collateral (as defined in the Interim Order or Final Order, as applicable) by written notice thereof upon counsel for the Borrower, counsel for the Creditors' Committee and the Office of the United States Trustee, without further application or order of the Bankruptcy Court, and/or (iii) demand payment in full of all or any portion of the Obligations (whether or not payable on demand prior to such Event of Default), and/or (iv) take any and all other and further actions and avail itself of any and all rights and remedies available to Lender under this Agreement, any other Loan Document, under law and/or in equity.

7.3 Remedies with Respect to Collateral. Without limiting any rights or remedies Lender may have pursuant to this Agreement, the other Loan Documents, the Interim Order, the Final Order, (upon entry thereof), under applicable law or otherwise, subject to Section 4.2 of the Interim Order and the Final Order, upon the occurrence and during the continuance of an Event of Default and at any time thereafter and without further notice, application or order of the Bankruptcy Court (except as expressly set forth in the Interim Order or, upon entry of the Final Order, the Final Order):

(a) **Any and All Remedies.** Lender may take any and all actions and avail itself of any and all rights and remedies available to Lender under this Agreement, any other Loan Document, the Interim Order, and upon entry of the Final Order, the Final Order, under law or in equity, and the rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by applicable law or otherwise.

(b) **Collections; Modifications of Terms.** Lender may but shall be under no obligation to (i) notify all appropriate parties that the Collateral, or any part thereof, has been assigned to Lender; (ii) demand, sue for, collect and give receipts for and take all necessary or desirable steps to collect any Collateral or Proceeds in its or any Loan Party Obligor's name, and apply any such collections against the Obligations as Lender may elect; (iii) take control of any Collateral and any cash and non-cash Proceeds of any Collateral; (iv) enforce, compromise, extend, renew settle or discharge any rights or benefits of each Loan Party Obligor with respect to or in and to any Collateral, or deal with the Collateral as Lender may deem advisable; and (v) make any compromises, exchanges, substitutions or surrenders of Collateral Lender deems necessary or proper in its reasonable discretion, including extending the time of payment, permitting payment in installments, or otherwise modifying the terms or rights relating to any of the Collateral, all of which may be effected without notice to, consent of, or any other action of any Loan Party and without otherwise discharging or affecting the Obligations, the Collateral or the security interests granted to Lender under this Agreement or any other Loan Document.

(c) **Insurance.** Lender may file proofs of loss and claim with respect to any of the Collateral with the appropriate insurer, and may endorse in its own and each Loan Party Obligor's name any checks or drafts constituting Proceeds of insurance. Any Proceeds of insurance received by Lender may be applied by Lender against payment of all or any portion of the Obligations as Lender may elect in its reasonable discretion.

(d) **Possession and Assembly of Collateral.** Lender may take possession of the Collateral and/or without removal render each Loan Party Obligor's Equipment unusable. Upon Lender's request, each Loan Party Obligor shall assemble the Collateral and make it available to Lender at a place or places to be designated by Lender.

(e) **Set-off.** Lender may and without any notice to, consent of or any other action by any Loan Party (such notice, consent or other action being expressly waived), set-off or apply (i) any and all deposits (general or special, time or demand, provisional or final) at any time held by or for the account of Lender or any Affiliate of Lender, and/or (ii) any Indebtedness at any time owing by Lender or any Affiliate of Lender or any Participant in the Loans to or for the credit or the account of any Loan Party Obligor, to the repayment of the Obligations irrespective of whether any demand for payment of the Obligations has been made.

(f) **Disposition of Collateral**.

(i) *Sale, Lease, etc. of Collateral.* Lender may, without demand, advertising or notice, all of which each Loan Party Obligor hereby waives (except as the same may be required by the UCC or other applicable law and is not waivable under the UCC or such other applicable law), at any time or times in one or more public or private sales or other dispositions, for cash, on credit or otherwise, at such prices and upon such terms as determined by Lender (*provided* such price and terms are commercially reasonable within the meaning of the UCC to the extent such sale or other disposition is subject to the UCC requirements that such sale or other disposition must be commercially reasonable) (A) sell, lease, license or otherwise dispose of any and all Collateral, and/or (B) deliver and grant options to a third party to purchase, lease, license or otherwise dispose of any and all Collateral. Lender may sell, lease, license or otherwise dispose of any Collateral in its then-present condition or following any preparation or processing deemed necessary by Lender in its reasonable discretion; provided, however, that prior to exercising any foreclosure on any of the Collateral or otherwise to exercise remedies against the Collateral, Lender shall provide five (5) Business Days' written notice to counsel for Borrower, counsel for the Creditors Committee (if appointed) and the Office of the U.S. Trustee (such notice shall not relieve any Loan Party Obligor of any obligation hereunder); provided further that the only issue that may be raised by any such party in opposition to the actions proposed or available to Lender shall be whether an Event of Default has actually occurred and is existing. Lender may be the purchaser at any such public or private sale or other disposition of Collateral, and in such case Lender may make payment of all or any portion of the purchase price therefor by the application of all or any portion of the Obligations due to Lender to the purchase price payable in connection with such sale or disposition. Lender may, if it deems it reasonable, postpone or adjourn any sale or other disposition of any Collateral from time to time by an announcement at the time and place of the sale or disposition to be so postponed or adjourned without being required to give a new notice of sale or disposition; *provided*, however, that Lender shall provide the applicable Loan Party Obligor with written notice of the time and place of such postponed or adjourned sale or disposition. Each Loan Party Obligor hereby acknowledges and agrees that Lender's compliance with any requirements of applicable law in connection with a sale, lease, license or other disposition of Collateral will not be considered to adversely affect the commercial reasonableness of any sale, lease, license or other disposition of such Collateral.

(ii) *Deficiency.* Each Loan Party Obligor shall remain liable for all amounts of the Obligations remaining unpaid as a result of any deficiency of the Proceeds of the sale, lease, license or other disposition of Collateral after such Proceeds are applied to the Obligations as provided in this Agreement.

(iii) *Warranties; Sales on Credit.* Lender may sell, lease, license or otherwise dispose of the Collateral without giving any warranties and may specifically disclaim any and all

warranties, including but not limited to warranties of title, possession, merchantability and fitness. Each Loan Party Obligor hereby acknowledges and agrees that Lender's disclaimer of any and all warranties in connection with a sale, lease, license or other disposition of Collateral will not be considered to adversely affect the commercial reasonableness of any such disposition of the Collateral. If Lender sells, leases, licenses or otherwise disposes of any of the Collateral on credit, Borrower will be credited only with payments actually made in cash by the recipient of such Collateral and received by Lender and applied to the Obligations. If any Person fails to pay for Collateral acquired pursuant to this Section 7.3(f) on credit, Lender may re-offer the Collateral for sale, lease, license or other disposition.

(g) **Investment Property; Voting and Other Rights; Irrevocable Proxy**.

(i) All rights of each Loan Party Obligor to exercise any of the voting and other consensual rights which it would otherwise be entitled to exercise in accordance with the terms hereof with respect to any Investment Property, and to receive any dividends, payments, and other distributions which it would otherwise be authorized to receive and retain in accordance with the terms hereof with respect to any Investment Property, shall immediately, at the election of Lender (without requiring any notice) cease, and all such rights shall thereupon become vested solely in Lender, and Lender (personally or through an agent) shall thereupon be solely authorized and empowered, without notice, to (a) transfer and register in its name, or in the name of its nominee, the whole or any part of the Investment Property, it being acknowledged by each Loan Party Obligor that any such transfer and registration may be effected by Lender through its irrevocable appointment as attorney-in-fact pursuant to Section 7.3(g)(ii)and Section 4.4 of this Agreement, (b) exchange certificates and/or instruments representing or evidencing Investment Property for certificates and/or instruments of smaller or larger denominations, (c) exercise the voting and all other rights as a holder with respect to all or any portion of the Investment Property (including, without limitation, all economic rights, all control rights, authority and powers, and all status rights of each Loan Party Obligor as a member or as a shareholder (as applicable) of the Issuer), (d) collect and receive all dividends and other payments and distributions made thereon, (e) notify the parties obligated on any Investment Property to make payment to Lender of any amounts due or to become due thereunder, (f) endorse instruments in the name of each Loan Party Obligor to allow collection of any Investment Property, (g) enforce collection of any of the Investment Property by suit or otherwise, and surrender, release, or exchange all or any part thereof, or compromise or renew for any period (whether or not longer than the original period) any liabilities of any nature of any Person with respect thereto, (h) consummate any sales of Investment Property or exercise any other rights as set forth in Section 7.3(f) hereof, (i) otherwise act with respect to the Investment Property as though Lender was the outright owner thereof, and (j) exercise any other rights or remedies Lender may have under the UCC, other applicable law, or otherwise.

(ii) EACH LOAN PARTY OBLIGOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS LENDER AS ITS PROXY AND ATTORNEY-IN-FACT FOR SUCH LOAN PARTY OBLIGOR WITH RESPECT TO ALL OF EACH SUCH LOAN PARTY OBLIGOR'S INVESTMENT PROPERTY WITH THE RIGHT, DURING THE CONTINUANCE OF AN EVENT OF DEFAULT, WITHOUT NOTICE, TO TAKE ANY OF THE FOLLOWING ACTIONS: (A) TRANSFER AND REGISTER IN LENDER'S NAME, OR IN THE NAME OF ITS NOMINEE, THE WHOLE OR ANY PART OF THE INVESTMENT PROPERTY, (B) VOTE THE PLEDGED EQUITY, WITH FULL POWER OF SUBSTITUTION TO DO SO, (C) RECEIVE AND COLLECT ANY DIVIDEND OR ANY OTHER PAYMENT OR DISTRIBUTION IN RESPECT OF, OR IN EXCHANGE FOR, THE INVESTMENT PROPERTY OR ANY PORTION THEREOF, TO GIVE FULL DISCHARGE FOR THE SAME AND TO INDORSE ANY INSTRUMENT MADE PAYABLE TO ANY LOAN PARTY OBLIGOR FOR THE SAME, (D) EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES, AND REMEDIES (INCLUDING ALL ECONOMIC RIGHTS, ALL CONTROL RIGHTS, AUTHORITY AND POWERS, AND ALL STATUS RIGHTS OF EACH LOAN

PARTY OBLIGOR AS A MEMBER OR AS A SHAREHOLDER (AS APPLICABLE) OF THE ISSUER) TO WHICH A HOLDER OF THE PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING, WITH RESPECT TO THE PLEDGED EQUITY, GIVING OR WITHHOLDING WRITTEN CONSENTS OF MEMBERS OR SHAREHOLDERS, CALLING SPECIAL MEETINGS OF MEMBERS OR SHAREHOLDERS, AND VOTING AT SUCH MEETINGS), AND (E) TAKE ANY ACTION AND TO EXECUTE ANY INSTRUMENT WHICH LENDER MAY DEEM NECESSARY OR ADVISABLE TO ACCOMPLISH THE PURPOSES OF THIS AGREEMENT. THE APPOINTMENT OF LENDER AS PROXY AND ATTORNEY-IN-FACT IS COUPLED WITH AN INTEREST AND SHALL BE VALID AND IRREVOCABLE UNTIL (W) ALL OF THE OBLIGATIONS HAVE BEEN INDEFEASIBLY PAID IN FULL IN CASH IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, (X) LENDER HAS NO FURTHER OBLIGATIONS UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, (Y) LENDER HAS RECEIVED A FULL RELEASE FROM LOAN PARTY OBLIGORS FROM ALL CLAIMS OF LOAN PARTY OBLIGORS AND THEIR ESTATES FOR ANY MATTERS ARISING OUT OF, RELATING TO OR IN CONNECTION WITH, THIS AGREEMENT, THE LOAN DOCUMENTS, THE INTERIM ORDER AND THE FINAL ORDER AND (Z) THE COMMITMENTS UNDER THIS AGREEMENT HAVE EXPIRED OR HAVE BEEN TERMINATED (IT BEING UNDERSTOOD AND AGREED THAT SUCH OBLIGATIONS WILL BE AUTOMATICALLY REINSTATED IF AT ANY TIME PAYMENT, IN WHOLE OR IN PART, OF ANY OF THE OBLIGATIONS IS RESCINDED OR MUST OTHERWISE BE RESTORED OR RETURNED BY LENDER FOR ANY REASON WHATSOEVER, INCLUDING, WITHOUT LIMITATION, AS A PREFERENCE, FRAUDULENT CONVEYANCE, OR OTHERWISE UNDER ANY BANKRUPTCY, INSOLVENCY, OR SIMILAR LAW, ALL AS THOUGH SUCH PAYMENT HAD NOT BEEN MADE; IT BEING FURTHER UNDERSTOOD THAT IN THE EVENT PAYMENT OF ALL OR ANY PART OF THE OBLIGATIONS IS RESCINDED OR MUST BE RESTORED OR RETURNED, ALL REASONABLE OUT-OF-POCKET COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL REASONABLE ATTORNEYS' FEES AND DISBURSEMENTS) INCURRED BY LENDER IN DEFENDING AND ENFORCING SUCH REINSTATEMENT SHALL HEREBY BE DEEMED TO BE INCLUDED AS A PART OF THE OBLIGATIONS). SUCH APPOINTMENT OF LENDER AS PROXY AND AS ATTORNEY-IN-FACT SHALL BE VALID AND IRREVOCABLE AS PROVIDED HEREIN NOTWITHSTANDING ANY LIMITATIONS TO THE CONTRARY SET FORTH IN ANY ORGANIC DOCUMENTS OF ANY LOAN PARTY OBLIGOR, ANY ISSUER, OR OTHERWISE.

(iii) In order to further effect the foregoing transfer of rights in favor of Lender, during the continuance of an Event of Default, each Loan Party Obligor hereby authorizes and instructs each Issuer of Investment Property pledged by such Loan Party Obligor to comply with any instruction received by such Issuer from Lender without any other or further instruction from such Loan Party Obligor, and each Loan Party Obligor acknowledges and agrees that each Issuer shall be fully protected in so complying, and to pay any dividends, distributions, or other payments with respect to any of the Investment Property directly to Lender.

(iv) Upon exercise of the proxy set forth herein, all prior proxies given by any Loan Party Obligor with respect to any of the Pledged Equity or other Investment Property, as applicable (other than to Lender), are hereby revoked, and no subsequent proxies (other than to Lender) will be given with respect to any of the Pledged Equity or any of the other Investment Property, as applicable, unless Lender otherwise subsequently agrees in writing. Lender, as proxy, will be empowered and may exercise the irrevocable proxy to vote the Pledged Equity and/or the other Investment Property at any and all times during the existence of an Event of Default, including, without limitation, at any meeting of shareholders or members, as the case may be, however called, and at any adjournment thereof, or in any action by written consent, and may waive any notice otherwise required in connection therewith.

To the fullest extent permitted by applicable law, Lender shall have no agency, fiduciary, or other implied duties to any Loan Party Obligor, any Issuer, any Loan Party, or any other Person when acting in its capacity as such proxy or attorney-in-fact. Each Loan Party Obligor hereby waives and releases any claims that it may otherwise have against Lender with respect to any breach, or alleged breach, of any such agency, fiduciary, or other duty.

(v) Any transfer to Lender or its nominee, or registration in the name of Lender or its nominee, of the whole or any part of the Investment Property shall be made solely for purposes of effectuating voting or other consensual rights with respect to the Investment Property in accordance with the terms of this Agreement and is not intended to effectuate any transfer of ownership of any of the Investment Property. Notwithstanding the delivery by Lender of any instruction to any Issuer or any exercise by Lender of an irrevocable proxy or otherwise, Lender shall not be deemed the owner of, or assume any obligations or any liabilities whatsoever of the owner or holder of, any Investment Property unless and until Lender expressly accepts such obligations in a duly authorized and executed writing and agrees in writing to become bound by the applicable Organic Documents or otherwise becomes the owner thereof under applicable law (including through a sale as described in Section 7.3(f) hereof). The execution and delivery of this Agreement shall not subject Lender to, or transfer or pass to Lender, or in any way affect or modify, the liability of any Loan Party Obligor under the Organic Documents of any Issuer or any related agreements, documents, or instruments or otherwise. In no event shall the execution and delivery of this Agreement by Lender, or the exercise by Lender of any rights hereunder or assigned hereby, constitute an assumption of any liability or obligation whatsoever of any Loan Party Obligor to, under, or in connection with any of the Organic Documents of any Issuer or any related agreements, documents, or instruments or otherwise.

(h) **Election of Remedies.** Lender shall have the right in Lender's sole discretion to determine which rights, security, Liens and/or remedies Lender may at any time pursue, foreclose upon, relinquish, subordinate, modify or take any other action with respect to, without in any way impairing, modifying or affecting any of Lender's other rights, security, Liens or remedies with respect to such Property, or any of Lender's rights or remedies under this Agreement or any other Loan Document.

(i) **Lender's Obligations.** Each Loan Party Obligor agrees that Lender shall not have any obligation to preserve rights to any Collateral against prior parties or to marshal any Collateral of any kind for the benefit of any other creditor of any Loan Party Obligor or any other Person. Lender shall not be responsible to any Loan Party Obligor or any other Person for loss or damage resulting from Lender's failure to enforce its Liens or collect any Collateral or Proceeds or any monies due or to become due under the Obligations or any other liability or obligation of any Loan Party Obligor to Lender.

(j) **Waiver of Rights by Loan Party Obligors.** Except as otherwise expressly provided for in this Agreement or by non-waivable applicable law, each Loan Party waives: (a) presentment, demand and protest and notice of presentment, dishonor, notice of intent to accelerate, notice of acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by Lender on which any Loan Party Obligor may in any way be liable, and hereby ratifies and confirms whatever Lender may do in this regard, (b) all rights to notice and a hearing prior to Lender's taking possession or control of, or to Lender's replevy, attachment or levy upon, the Collateral or any bond or security which might be required by any court prior to allowing Lender to exercise any of its remedies and (c) the benefit of all valuation, appraisal, marshalling and exemption laws.

8. LOAN GUARANTY.

8.1 Guaranty. Each Loan Party Obligor hereby agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Lender, the prompt payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the Obligations and all costs and expenses, including all court costs and attorneys' and paralegals' fees (including allocated costs of in-house counsel and paralegals) and expenses paid or incurred by Lender in endeavoring to collect all or any part of the Obligations from, or in prosecuting any action against, Borrower, any Loan Party Obligor or any Other Obligor of all or any part of the Obligations (and such costs and expenses paid or incurred shall be deemed to be included in the Obligations). Each Loan Party Obligor further agrees that the Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal. All terms of this Loan Guaranty apply to and may be enforced by or on behalf of any branch or Affiliate of Lender that extended any portion of the Obligations.

8.2 Guaranty of Payment. This Loan Guaranty is a guaranty of payment and not of collection. Each Loan Party Obligor waives any right to require Lender to sue or otherwise take action against Borrower, any other Loan Party Obligor, any Other Obligor, or any other Person obligated for all or any part of the Obligations, or otherwise to enforce its payment against any Collateral securing all or any part of the Obligations.

8.3 No Discharge or Diminishment of Loan Guaranty.

(a) Except as otherwise expressly provided for herein, the obligations of each Loan Party Obligor hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of all of the Obligations), including: (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration, or compromise of any of the Obligations, by operation of law or otherwise; (ii) any change in the corporate existence, structure or ownership of Borrower or any Obligor; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Borrower or any Obligor, or their assets or any resulting release or discharge of any obligation of Borrower or any Obligor; or (iv) the existence of any claim, setoff or other rights which any Loan Party Obligor may have at any time against Borrower, any Obligor, Lender, or any other Person, whether in connection herewith or in any unrelated transactions.

(b) The obligations of each Loan Party Obligor hereunder are not subject to any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, or unenforceability of any of the Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by Borrower or any Obligor, of the Obligations or any part thereof.

(c) Further, the obligations of any Loan Party Obligor hereunder are not discharged or impaired or otherwise affected by: (i) the failure of Lender to assert any claim or demand or to enforce any remedy with respect to all or any part of the Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Obligations; (iii) any release, non-perfection, or invalidity of any indirect or direct security for all or any part of the Obligations or all or any part of any obligations of any Obligor; (iv) any action or failure to act by Lender with respect to any Collateral; or (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of such Loan Party Obligor or that would otherwise operate as a discharge of any

Loan Party Obligor as a matter of law or equity (other than the indefeasible payment in full in cash of all of the Obligations).

8.4 Defenses Waived. To the fullest extent permitted by applicable law, each Loan Party Obligor hereby waives any defense based on or arising out of any defense of any Loan Party Obligor or the unenforceability of all or any part of the Obligations from any cause, or the cessation from any cause of the liability of any Loan Party Obligor, other than the indefeasible payment in full in cash of all of the Obligations. Without limiting the generality of the foregoing, each Loan Party Obligor irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against Borrower, any Obligor, or any other Person. Each Loan Party Obligor confirms that it is not a surety under any state law and shall not raise any such law as a defense to its obligations hereunder. Lender may, at its election, foreclose on any Collateral held by it by one or more judicial or nonjudicial sales, accept an assignment of any such Collateral in lieu of foreclosure or otherwise act or fail to act with respect to any Collateral, compromise or adjust any part of the Obligations, make any other accommodation with Borrower or any Obligor or exercise any other right or remedy available to it against Borrower or any Obligor, without affecting or impairing in any way the liability of any Loan Party Obligor under this Loan Guaranty except to the extent the Obligations have been fully and indefeasibly paid in cash. To the fullest extent permitted by applicable law, each Loan Party Obligor waives any defense arising out of any such election even though that election may operate, pursuant to applicable law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Loan Party Obligor against Borrower or any Obligor or any security.

8.5 Rights of Subrogation. No Loan Party Obligor will assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification that it has against Borrower or any Obligor, or any Collateral, until the Termination Date.

8.6 Reinstatement; Stay of Acceleration. If at any time any payment of any portion of the Obligations is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of Borrower or any other Person, or otherwise, each Loan Party Obligor's obligations under this Loan Guaranty with respect to that payment shall be reinstated at such time as though the payment had not been made and whether or not Lender is in possession of this Loan Guaranty. If acceleration of the time for payment of any of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of Borrower, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Obligations shall nonetheless be payable by the Loan Party Obligors forthwith on demand by Lender. This Section 8.6 shall remain operative even after the Termination Date and shall survive the payment in full of all of the Obligations.

8.7 Information. Each Loan Party Obligor assumes all responsibility for being and keeping itself informed of Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that each Loan Party Obligor assumes and incurs under this Loan Guaranty, and agrees that Lender shall not have any duty to advise any Loan Party Obligor of information known to it regarding those circumstances or risks.

8.8 Termination. To the maximum extent permitted by law, each Loan Party Obligor hereby waives any right to revoke this Loan Guaranty as to future Obligations. If such a revocation is effective notwithstanding the foregoing waiver, each Loan Party Obligor acknowledges and agrees that (a) no such revocation shall be effective until written notice thereof has been received by Lender, (b) no such revocation shall apply to any Obligations in existence on the date of receipt by Lender of such written notice (including any subsequent continuation, extension, or renewal thereof, or change in the interest rate, payment terms, or other terms and conditions thereof), (c) no such revocation shall apply to

any Obligations made or created after such date to the extent made or created pursuant to a legally binding commitment of Lender, (d) no payment by Borrower, any other Loan Party Obligor, or from any other source, prior to the date of Lender's receipt of written notice of such revocation shall reduce the maximum obligation of any Loan Party Obligor hereunder, and (e) any payment, by Borrower or from any source other than a Loan Party Obligor which has made such a revocation, made subsequent to the date of such revocation, shall first be applied to that portion of the Obligations as to which the revocation is effective and which are not, therefore, guarantied hereunder, and to the extent so applied shall not reduce the maximum obligation of any Loan Party Obligor hereunder.

8.9 Maximum Liability. The provisions of this Loan Guaranty are severable, and in any action or proceeding involving any federal or state corporate law or other law governing business entities, or any state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Loan Party Obligor under this Loan Guaranty would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of such Loan Party Obligor's liability under this Loan Guaranty, then, notwithstanding any other provision of this Loan Guaranty to the contrary, the amount of such liability shall, without any further action by the Loan Party Obligors or Lender, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding (such highest amount determined hereunder being the relevant Loan Party Obligor's "***Maximum Liability***"). This Section with respect to the Maximum Liability of each Loan Party Obligor is intended solely to preserve the rights of Lender to the maximum extent not subject to avoidance under applicable law, and no Loan Party Obligor nor any other Person shall have any right or claim under this Section with respect to such Maximum Liability, except to the extent necessary so that the obligations of any Loan Party Obligor hereunder shall not be rendered voidable under applicable law. Each Loan Party Obligor agrees that the Obligations may at any time and from time to time exceed the Maximum Liability of each Loan Party Obligor without impairing this Loan Guaranty or affecting the rights and remedies of Lender hereunder, ***provided*** that, nothing in this sentence shall be construed to increase any Loan Party Obligor's obligations hereunder beyond its Maximum Liability.

8.10 Contribution. In the event any Loan Party Obligor shall make any payment or payments under this Loan Guaranty or shall suffer any loss as a result of any realization upon any collateral granted by it to secure its obligations under this Loan Guaranty (such Loan Party Obligor a "***Paying Guarantor***"), each other Loan Party Obligor (each a "***Non-Paying Guarantor***") shall contribute to such Paying Guarantor an amount equal to such Non-Paying Guarantor's "Applicable Percentage" of such payment or payments made, or losses suffered, by such Paying Guarantor. For purposes of this Section 8.10, each Non-Paying Guarantor's "Applicable Percentage" with respect to any such payment or loss by a Paying Guarantor shall be determined as of the date on which such payment or loss was made by reference to the ratio of (i) such Non-Paying Guarantor's Maximum Liability as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder) or, if such Non-Paying Guarantor's Maximum Liability has not been determined, the aggregate amount of all monies received by such Non-Paying Guarantor from Borrower after the date hereof (whether by loan, capital infusion or by other means) to (ii) the aggregate Maximum Liability of all Loan Party Obligors hereunder (including such Paying Guarantor) as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder), or to the extent that a Maximum Liability has not been determined for any Loan Party Obligor, the aggregate amount of all monies received by such Loan Party Obligors from Borrower after the date hereof (whether by loan, capital infusion or by other means). Nothing in this provision shall affect any Loan Party Obligor's several liability for the entire amount of the Obligations (up to such Loan Party Obligor's Maximum Liability). Each of the Loan Party Obligors covenants and agrees that its right to receive any contribution under this Loan Guaranty from a Non-Paying Guarantor shall be subordinate and junior in right of payment to the payment in full in cash of all of the Obligations.

This provision is for the benefit of Lender and the Loan Party Obligors and may be enforced by any one, or more, or all of them in accordance with the terms hereof.

8.11 Liability Cumulative. The liability of each Loan Party Obligor under this Section 8 is in addition to and shall be cumulative with all liabilities of each Loan Party Obligor to Lender under this Agreement and the other Loan Documents to which such Loan Party Obligor is a party or in respect of any obligations or liabilities of the other Loan Parties, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

9. PAYMENTS FREE OF TAXES; OBLIGATION TO WITHHOLD; PAYMENTS ON ACCOUNT OF TAXES.

(a) Any and all payments by or on account of any obligation of the Loan Party Obligors hereunder or under any other Loan Document shall to the extent permitted by applicable laws be made free and clear of and without reduction or withholding for any Taxes. If, however, applicable laws require the Loan Party Obligors to withhold or deduct any Tax, such Tax shall be withheld or deducted in accordance with such laws as the case may be, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(b) If any Loan Party Obligor shall be required by applicable law to withhold or deduct any Taxes from any payment, then (A) such Loan Party Obligor shall withhold or make such deductions as are required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Loan Party Obligor shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the applicable law, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the Loan Party Obligors shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section) the Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made. Upon request by Lender or other Recipient, Borrower shall deliver to Lender or such other Recipient, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment of Indemnified Taxes, a copy of any return required by applicable law to report such payment or other evidence of such payment reasonably satisfactory to Lender or such other Recipient, as the case may be.

(c) Without limiting the provisions of subsections (a) and (b) above, the Loan Party Obligors shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(d) Without limiting the provisions of subsections (a) through (c) above, each Loan Party Obligor shall, and does hereby, on a joint and several basis indemnify Lender and each other Recipient (and their respective directors, officers, employees, affiliates and agents) and shall make payment in respect thereof within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes and Other Taxes (including Indemnified Taxes and Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid or incurred by Lender or any other Recipient on account of, or in connection with any Loan Document or a breach by a Loan Party Obligor thereof, and any penalties, interest and related expenses and losses arising therefrom or with respect thereto (including the fees, charges and disbursements of any counsel or other tax advisor for Lender or any other Recipient (or their respective directors, officers, employees, affiliates, and agents)), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of any such payment or liability delivered to Borrower shall be conclusive absent manifest error. Notwithstanding any provision in this Agreement to

the contrary, this Section 9 shall remain operative even after the Termination Date and shall survive the payment in full of all of the Loans.

(e) Lender shall deliver to Borrower and each Participant shall deliver to the applicable Lender granting the participation, at the time or times prescribed by applicable laws, such properly completed and executed documentation prescribed by applicable laws or by the taxing authorities of any jurisdiction and such other reasonably requested information as will permit Borrower or Lender granting a participation, as the case may be, to determine (A) whether or not payments made hereunder or under any other Loan Document are subject to Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's or Participant's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of all payments to be made to such Recipient by the Loan Party Obligors pursuant to this Agreement or otherwise to establish such Recipient's status for withholding tax purposes in the applicable jurisdiction; ***provided*** each Recipient shall only be required to deliver such documentation as it may legally provide.

Without limiting the generality of the foregoing, if a Borrower is resident for tax purposes in the United States:

(ii) Lender (or Participant) that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to Borrower (or Lender granting a participation as applicable) an executed original of Internal Revenue Service Form W-9 or such other documentation or information prescribed by applicable law or reasonably requested by Borrower (or Lender granting a participation) as will enable Borrower (or Lender granting a participation) as the case may be, to determine whether or not such Lender (or Participant) is subject to backup withholding or information reporting requirements under the Code;

(iii) Lender (or Participant) that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code (a "***Non-U.S. Recipient***") shall deliver to Borrower (and Lender granting a participation in case the Non-U.S. Recipient is a Participant) and Lender on or prior to the date on which such Non-U.S. Person becomes a party to this Agreement or a Participant (and from time to time thereafter upon the reasonable request of Borrower or Lender granting the participation but only if such Non-U.S. Recipient is legally entitled to do so), whichever of the following is applicable: (I) executed originals of Internal Revenue Service Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party; (II) executed originals of Internal Revenue Service Form W-8ECI; (III) executed originals of Internal Revenue Service Form W-8IMY and all required supporting documentation; (IV) each Non-U.S. Recipient claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, shall provide (x) a certificate to the effect that such Non-U.S. Recipient is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) executed originals of Internal Revenue Service Form W-8BEN; and/or (V) executed originals of any other form prescribed by applicable law (including FATCA) as a basis for claiming exemption from or a reduction in United States Federal withholding tax together with such supplementary documentation as may be prescribed by applicable law to permit Borrower or any Lender granting a participation, to determine the withholding or deduction required to be made. Each Non-U.S. Recipient shall promptly notify Borrower (or any Lender granting a participation if the Non-U.S. Recipient is a Participant) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

10. GENERAL PROVISIONS.

10.1 Notices.

(a) **Notice by Approved Electronic Communications**.

Lender and each of its Affiliates is authorized to transmit, post or otherwise make or communicate, in its sole discretion (but shall not be required to do so), by Approved Electronic Communications in connection with this Agreement or any other Loan Document and the transactions contemplated therein. Lender is hereby authorized to establish procedures to provide access to and to make available or deliver, or to accept, notices, documents and similar items by posting to Passport 6.0. Each of the Loan Parties and Lender hereby acknowledges and agrees that the use of Passport 6.0 and other Approved Electronic Communications is not necessarily secure and that there are risks associated with such use, including risks of interception, disclosure and abuse and each indicates it assumes and accepts such risks by hereby authorizing Lender and each of its Affiliates to transmit Approved Electronic Communications. Passport 6.0 and all Approved Electronic Communications shall be provided "as is" and "as available". None of Lender or any of its Affiliates or related persons warrants the accuracy, adequacy or completeness of Passport 6.0 or any other electronic platform or electronic transmission and disclaims all liability for errors or omissions therein. No warranty of any kind is made by Lender or any of its Affiliates or related persons in connection with Passport 6.0 or any other electronic platform or electronic transmission, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects. Each of Borrower and each other Loan Party executing this Agreement agrees that Lender has no responsibility for maintaining or providing any equipment, software, services or any testing required in connection with Passport 6.0, any Approved Electronic Communication or otherwise required for Passport 6.0 or any Approved Electronic Communication.

Prior to the Closing Date, Borrowing Agent shall deliver to Lender a complete and executed Client User Form regarding Borrowing Agent's use of Passport 6.0 in the form of Exhibit C annexed hereto.

No Approved Electronic Communications shall be denied legal effect merely because it is made electronically. Approved Electronic Communications that are not readily capable of bearing either a signature or a reproduction of a signature may be signed, and shall be deemed signed, by attaching to, or logically associating with such Approved Electronic Communication, an E-Signature, upon which Lender and the Loan Parties may rely and assume the authenticity thereof. Each Approved Electronic Communication containing a signature, a reproduction of a signature or an E-Signature shall, for all intents and purposes, have the same effect and weight as a signed paper original. Each E-Signature shall be deemed sufficient to satisfy any requirement for a "signature" and each Approved Electronic Communication shall be deemed sufficient to satisfy any requirement for a "writing", in each case including pursuant to this Agreement, any other Loan Document, the Uniform Commercial Code, the Federal Uniform Electronic Transactions Act, the Electronic Signatures in Global and National Commerce Act and any substantive or procedural law governing such subject matter. Each party or beneficiary hereto agrees not to contest the validity or enforceability of an Approved Electronic Communication or E-Signature under the provisions of any applicable law requiring certain documents to be in writing or signed; ***provided***, that nothing herein shall limit such party's or beneficiary's right to contest whether an Approved Electronic Communication or E-Signature has been altered after transmission.

(b) **All Other Notices**.

All notices, requests, demands and other communications under or in respect of this Agreement or any transactions hereunder, other than those approved for or required to be delivered by Approved Electronic Communications (including via Passport 6.0 or otherwise pursuant to Section 10.1(a)), shall be in writing and shall be personally delivered or mailed (by prepaid registered

or certified mail, return receipt requested), sent by prepaid recognized overnight courier service, or by email to the applicable party at its address or email address indicated below,

If to Lender:

Siena Lending Group LLC
9 W Broad Street, 5th Floor
Stamford, Connecticut 06902
Attention: Steve Sanicola
Email: ssanicola@sienalending.com

with a copy to:

Blank Rome LLP
The Chrysler Building
405 Lexington Avenue
New York, NY 10174
Attention: Lawrence F. Flick II, Esq.
Email: Flick@blankrome.com

If to Borrower or any other Loan Party:

Wordsworth Academy
3300 Henry Avenue
Philadelphia, PA 19129
Attention: Donald Stewart, Acting CEO and CFO
Email: dstewart@wordsworth.org
with a copy to (which shall not constitute notice):

Dilworth Paxson LLP
1500 Market Street, Suite 3500E
Philadelphia, PA 19103
Attention: Roger F. Wood, Esq.
Email: rwood@dilworthlaw.com

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party delivered as aforesaid. All such notices, requests, demands and other communications shall be deemed given (a) when personally delivered, (b) three (3) Business Days after being deposited in the mails with postage prepaid (by registered or certified mail, return receipt requested), (c) one (1) Business Day after being delivered to the overnight courier service, if prepaid and sent overnight delivery, addressed as aforesaid and with all charges prepaid or billed to the account of the sender, or (d) when sent by email transmission to an email address designated by such addressee and the sender receives a confirmation of transmission.

Except as otherwise set forth in this Agreement or the other Loan Documents, all notices given to the Lender by the Borrower shall also be given by the Borrower to the Creditors' Committee as follows:

S. Jason Teele, Esq.
Bonnie L. Pollack, Esq.
Cullen and Dykman LLP

The Legal Center
One Riverfront Plaza
Newark, NJ 07102
Email: steele@cullenanddykman.com
bpollack@cullenanddykman.com

10.2 Severability. If any provision of this Agreement or any other Loan Document is held invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision shall thereupon be deemed modified only to the extent necessary to render same valid, or not applicable to given circumstances, or excised from this Agreement or such other Loan Document, as the situation may require, and this Agreement and the other Loan Documents shall be construed and enforced as if such provision had been included herein as so modified in scope or application, or had not been included herein or therein, as the case may be.

10.3 Integration. This Agreement and the other Loan Documents represent the final, entire and complete agreement between each Loan Party hereto and thereto and Lender and supersede all prior and contemporaneous negotiations, oral representations and agreements, all of which are merged and integrated into this Agreement. THERE ARE NO ORAL UNDERSTANDINGS, REPRESENTATIONS OR AGREEMENTS BETWEEN THE PARTIES THAT ARE NOT SET FORTH IN THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

10.4 Waivers. The failure of Lender at any time or times to require any Loan Party to strictly comply with any of the provisions of this Agreement or any other Loan Documents shall not waive or diminish any right of Lender later to demand and receive strict compliance therewith. Any waiver of any default shall not waive or affect any other default, whether prior or subsequent, and whether or not similar. None of the provisions of this Agreement or any other Loan Document shall be deemed to have been waived by any act or knowledge of Lender or its agents or employees, but only by a specific written waiver signed by an authorized officer of Lender and delivered to Borrower. Once an Event of Default shall have occurred, it shall be deemed to continue to exist and not be cured or waived unless specifically cured pursuant to the terms of this Agreement or waived in writing by an authorized officer of Lender and delivered to Borrower. Each Loan Party Obligor waives demand, protest, notice of protest and notice of default or dishonor, notice of payment and nonpayment, release, compromise, settlement, extension or renewal of any commercial paper, Instrument, Account, General Intangible, Document, Chattel Paper, Investment Property or guaranty at any time held by Lender on which such Loan Party Obligor is or may in any way be liable, and notice of any action taken by Lender, unless expressly required by this Agreement, and notice of acceptance hereof.

10.5 Amendment. This Agreement may not be amended or modified except in a writing executed by Borrower, the other Loan Party Obligors party hereto (to the extent such amendment is directly adverse to such Loan Party Obligor), and Lender. For the avoidance of doubt, the parties hereto shall be permitted to amend this Agreement and the Loan Documents without further approval or order of the Bankruptcy Court so long as such amendment is not material (for purposes hereof, a "material" amendment shall mean, any amendment that operates to increase the interest rate other than as currently provided in this Agreement, increase the Maximum Revolving Facility Amount, add specific new Events of Default or enlarge the nature and extent of default remedies available to the Lender following an Event of Default) and is undertaken in good faith by the parties hereto.

10.6 Time of Essence. Time is of the essence in the performance by each Loan Party Obligor of each and every obligation under this Agreement and the other Loan Documents.

10.7 Expenses, Fee and Costs Reimbursement. Borrower hereby agrees to promptly pay (i) all reasonable fees, costs and expenses of Lender (including Lender's underwriting fees) and (ii) all reasonable out of pocket fees, costs and expenses of legal counsel to, and appraisers, accountants, consultants and other professionals and advisors retained by or on behalf of, Lender, all of which shall be reasonable, prior to the occurrence and continuance of an Event of Default, in connection with: (A) all loan proposals and commitments pertaining to the transactions contemplated hereby (whether or not such transactions are consummated), (B) the examination, review, due diligence investigation, documentation, negotiation, and closing of the transactions contemplated by the Loan Documents (whether or not such transactions are consummated), (C) the creation, perfection and maintenance of Liens pursuant to the Loan Documents, (D) the performance by Lender of its rights and remedies under the Loan Documents, (E) the administration of the Loans (including usual and customary fees for wire transfers and other transfers or payments received by Lender on account of any of the Obligations) and Loan Documents, (F) any amendments, modifications, consents and waivers to and/or under any and all Loan Documents (whether or not such amendments, modifications, consents or waivers are consummated), (G) any periodic public record searches conducted by or at the request of Lender (including, title investigations and public records searches), pending litigation and tax lien searches and searches of applicable corporate, limited liability company, partnership and related records concerning the continued existence, organization and good standing of certain Persons), (H) protecting, storing, insuring, handling, maintaining, auditing, examining, valuing or selling any Collateral, (I) any litigation, dispute, suit or proceeding relating to any Loan Document, (J) in connection with the Case, including, without limitation, (x) costs and expenses incurred in connection with review of pleadings and other filings made with the Bankruptcy Court, (y) attendance at all hearings in respect of the Case, and (z) defending and prosecuting any actions or proceedings arising out of or relating to the Obligations, the Liens securing the Obligations or any transactions related to or arising in connection with the Loan Documents, the Interim Order or the Final Order and (K) any workout, collection, and other enforcement proceedings under any and all of the Loan Documents (it being agreed that such costs and expenses may include the costs and expenses of workout consultants, investment bankers, financial consultants, appraisers, valuation firms and other professionals and advisors retained by or on behalf of Lender), and (iii) without limitation of the preceding clauses 10.7 and 10.7, all out of pocket costs and expenses of Lender in connection with Lender's reservation of funds in anticipation of the funding of the initial Loans to be made hereunder. Any invoices for fees and expenses sought to be paid under this Section 10.7 shall be provided by the Lender to the Borrower, and by the Borrower to the Creditors' Committee, subject to any redactions for privileged and/or confidential information. Any fees, costs and expenses owing by Borrower or other Loan Party Obligor hereunder shall be due and payable upon demand therefor and may be charged as a Revolving Loan and added to the Loan Account of Borrower.

10.8 Benefit of Agreement; Assignability; Servicer.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, beneficiaries and representatives of Borrower, each other Loan Party Obligor party hereto and Lender; ***provided***, that neither Borrower nor any other Loan Party Obligor may assign or transfer any of its rights under this Agreement without the prior written consent of Lender, and any prohibited assignment shall be void. No consent by Lender to any assignment shall release any Loan Party Obligor from its liability for any of the Obligations. Lender shall have the right to assign all or any of its rights and obligations under the Loan Documents to one or more other Persons, and each Loan Party Obligor agrees, to the extent applicable, to execute any agreements, instruments and documents requested by Lender in connection with any such assignments. Notwithstanding any provision of this Agreement or any other Loan Document to the contrary, Lender may at any time pledge or grant a security interest in all or any portion of its rights under this Agreement and the other Loan Documents to secure obligations of Lender, including any pledge or grant to secure obligations to a Federal Reserve Bank.

(b) In the event of any assignment by Lender of its rights and obligations under the Loan Documents to an Affiliate of Lender (an "***Affiliate Assignee***") and at all times thereafter, Servicer shall be deemed to act as servicer and agent for the applicable Affiliate Assignee, and Servicer will retain the sole right to enforce this Agreement and the other Loan Documents, to approve any amendment, restatement, modification, supplement or waiver of any provision of this Agreement or any other Loan Document, and to receive or collect all payments with respect to the Obligations. By acceptance of any such assignment, each Affiliate Assignee irrevocably appoints Servicer as servicer and agent for the purposes of servicing and managing the Loans, and authorizes Servicer to take such actions and to exercise such powers on behalf of such Affiliate Assignee as are reasonably necessary or advisable and incidental thereto, including the sole and exclusive authority to: (i) possess, keep and maintain books and records with respect to the Loans, (ii) receive, process, account for, deliver or arrange for the delivery of, all Collections in accordance with the terms of this Agreement; (iii) monitor and pursue payment of all Obligations; (iv) monitor, manage and perfect security interests in all Collateral for the Obligations, including without limitation, to make the determination of whether any Accounts and Inventory constitute Eligible Accounts or Eligible Inventory, as applicable, or whether to impose, modify or release any Reserve; (v) exercise any rights or remedies with respect to the Obligations and the Collateral available under law or in equity, including, without limitation, any non-judicial and judicial enforcement, liquidation and collection of the Obligations, and the engagement of attorneys and other professionals for such purpose; and (vi) take all lawful actions and procedures required to (A) cause Borrower to promptly and diligently comply with Borrower's obligations under the Loan Documents; (B) maximize the value of the Collateral; and (C) collect and enforce payment of all Obligations. Each Affiliate Assignee agrees that any action taken by Servicer in accordance with the terms of this Agreement or the other Loan Documents, and the exercise by Servicer of its powers set forth herein or therein, together with such other powers that are reasonably incidental thereto, shall be authorized by and binding upon all of the Affiliate Assignees. Servicer's exercise of its discretion in connection with the foregoing matters, if exercised in good faith, shall exonerate Servicer from liability to any Affiliate Assignee and other Person for any error in judgment. Servicer may perform any and all of its duties and exercise its rights and powers by or through any one or more agents appointed by Servicer. Servicer shall not be liable to any Affiliate Assignee for any action taken or omitted to be taken under the Loan Documents, except for losses directly and solely caused by the Servicer's gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction, and Servicer does not assume any responsibility for any failure or delay in performance or any breach by any Loan Party or any other Person of any obligations under the Loan Documents. In the event that a petition seeking relief under Title 11 of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, liquidation or similar law is filed by or against any Loan Party Obligor, or any other Person obligated under any Loan Document, Servicer is authorized, to the fullest extent permitted by applicable law, to act on behalf of the Affiliate Assignees in connection with such proceeding, including, without limitation, to file proofs of claim on behalf of itself and the Affiliate Assignees in such proceeding for the total amount of obligations owed by Loan Party Obligors, or any of them, or any other Person under any Loan Document.

(c) Servicer may resign on sixty (60) days written notice to Lender and Borrowing Agent and upon such resignation, Lender will promptly designate a successor Servicer reasonably satisfactory to Borrower (provided that no such approval by Borrower shall be required (i) in any case where the successor Servicer is one of the Lender or an Affiliate or Subsidiary of the Lender or (ii) after the occurrence and during the continuance of any Event of Default). Any such successor Servicer shall succeed to the rights, powers and duties of Servicer, and shall in particular succeed to all of Servicer's right, title and interest in and to all of the Liens in the Collateral securing the Obligations created hereunder or any other Loan Document (including the Mortgages, Pledge Agreement and all account control agreements), and the term "Servicer" shall mean such successor Servicer effective upon its appointment, and the former Servicer's rights, powers and duties as Servicer shall be terminated, without any other or further act or deed on the part of such former Servicer. However, notwithstanding the

foregoing, if at the time of the effectiveness of the new Servicer's appointment, any further actions need to be taken in order to provide for the legally binding and valid transfer of any Liens in the Collateral from former Servicer to new Servicer and/or for the perfection of any Liens in the Collateral as held by new Servicer or it is otherwise not then possible for new Servicer to become the holder of a fully valid, enforceable and perfected Lien as to any of the Collateral, former Servicer shall continue to hold such Liens solely as Servicer for perfection of such Liens on behalf of new Servicer until such time as new Servicer can obtain a fully valid, enforceable and perfected Lien on all Collateral, provided that Servicer shall not be required to or have any liability or responsibility to take any further actions after such date as such Servicer for perfection to continue the perfection of any such Liens (other than to forego from taking any affirmative action to release any such Liens). After any Servicer's resignation as Servicer, the provisions of this Section 10.8, and any indemnification rights under this Agreement, including without limitation, rights arising under Section 10.7 hereof, shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Servicer under this Agreement (and in the event resigning Servicer continues to hold any Liens pursuant to the provisions of the immediately preceding sentence, the provisions of this Section 10.7 and any indemnification rights under this Agreement, including without limitation, rights arising under Article 6 hereof, shall inure to its benefit as to any actions taken or omitted to be taken by it in connection with such Liens).

10.9 Recordation of Assignment. In respect of any assignment of all or any portion of any Lender's interest in this Agreement and/or any other Loan Documents at any time and from time to time, the following provisions shall be applicable:

(a) Borrower, or any agent appointed by Borrower, shall maintain a register (the "***Register***") in which there shall be recorded the name and address of each Person holding any Loans or any commitment to lend hereunder, and the principal amount and stated interest payable to such Person hereunder or committed by such Person under such Person's lending commitment. Borrower hereby irrevocably appoints Lender (and/or any subsequent Lender appointed by Lender then maintaining the Register) as Borrower's non-fiduciary agent for the purpose of maintaining the Register.

(b) In connection with any negotiation, transfer or assignment as aforesaid, the transferor/assignor shall deliver to Lender then maintaining the Register an assignment and assumption agreement executed by the transferor/assignor and the transferee/assignee, setting forth the specifics of the subject transaction, including but not limited to the amount and nature of Obligations and/or lending commitments being transferred or assigned (and being assumed, as applicable), and the proposed effective date of such transfer or assignment and the related assumption (if applicable).

(c) Subject to receipt of any required tax forms reasonably required by Lender, such Person shall record the subject transfer, assignment and assumption in the Register. Anything contained in this Agreement or other Loan Document to the contrary notwithstanding, no negotiation, transfer or assignment shall be effective until it is recorded in the Register pursuant to this Section 10.9(c). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error; and Borrower and each Lender shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement and the other Loan Documents. The Register shall be available for inspection by Borrower and each Lender at any reasonable time and from time to time upon reasonable prior notice.

10.10 Participations. Anything in this Agreement or any other Loan Document to the contrary notwithstanding, Lender may, at any time and from time to time, without in any manner affecting or impairing the validity of any Obligations, sell to one or more Persons participating interests in its Loans, commitments and/or other interests hereunder and/or under any other Loan Document (any such Person, a "***Participant***"). In the event of a sale by Lender of a participating interest to a Participant, (a) such

Lender's obligations hereunder and under the other Loan Documents shall remain unchanged for all purposes, (b) Borrower and Lender shall continue to deal solely and directly with each other in connection with Lender's rights and obligations hereunder and under the other Loan Documents and (c) all amounts payable by Borrower shall be determined as if Lender had not sold such participation and shall be paid directly to Lender, ***provided***, ***however***, a Participant shall be entitled to the benefits of Section 9 as if it were a Lender if Borrower is notified of the Participation and the Participant complies with Section 9(e). Borrower agrees that if amounts outstanding under this Agreement or any other Loan Document are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement and the other Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; ***provided*** that such right of set-off shall not be exercised without the prior written consent of Lender and shall be subject to the obligation of each Participant to share with Lender its share thereof. Borrower also agrees that each Participant shall be entitled to the benefits of Section 10.9 as if it were Lender. Notwithstanding the granting of any such participating interests: (i) Borrower shall look solely to Lender for all purposes of this Agreement, the Loan Documents and the transactions contemplated hereby, (ii) Borrower shall at all times have the right to rely upon any amendments, waivers or consents signed by Lender as being binding upon all of the Participants, and (iii) all communications in respect of this Agreement and such transactions shall remain solely between Borrower and Lender (exclusive of Participants) hereunder. Lender granting a participation hereunder shall maintain, as a non-fiduciary agent of Borrower, a register as to the participations granted and transferred under this Section containing the same information specified in Section 10.9 on the Register as if each Participant were a Lender to the extent required to cause the Loans to be in registered form for the purposes of Sections 163(f), 165(j), 871, 881, and 4701 of the Code.

10.11 Headings; Construction. Section and subsection headings are used in this Agreement only for convenience and do not affect the meanings of the provisions that they precede.

10.12 USA PATRIOT Act Notification. Lender hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act, it may be required to obtain, verify and record certain information and documentation that identifies such Person, which information may include the name and address of each such Person and such other information that will allow Lender to identify such Persons in accordance with the USA PATRIOT Act.

10.13 Counterparts; Email Signatures. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same agreement. This Agreement may be executed by signatures delivered by electronic mail, each of which shall be fully binding on the signing party.

10.14 GOVERNING LAW. THIS AGREEMENT, ALONG WITH ALL OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED OTHERWISE IN SUCH OTHER LOAN DOCUMENT) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW) EXCEPT TO THE EXTENT THAT THE APPLICATION OF THE BANKRUPTCY CODE IS MANDAOTRY. FURTHER, THE LAW OF THE STATE OF NEW YORK SHALL APPLY TO ALL DISPUTES OR CONTROVERSIES ARISING OUT OF OR CONNECTED TO OR WITH THIS AGREEMENT AND ALL SUCH OTHER LOAN DOCUMENTS WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW) EXCEPT TO THE EXTENT THAT THE APPLICATION OF THE BANKRUPTCY CODE IS MANDAOTRY.

10.15 CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL; CONSENT TO SERVICE OF PROCESS. IF (I) THE CASE IS DISMISSED, (II) THE BANKRUPTCY COURT ABSTAINS FROM HEARING ANY ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS (OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO) OR (III) THE BANKRUPTCY COURT REFUSES TO EXERCISE JURISDICTION OVER ANY ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS (OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO), THEN ALL ACTIONS OR PROCEEDINGS IN ANY WAY, MANNER OR RESPECT, ARISING OUT OF OR FROM, RELATED TO OR IN CONNECTION WITH THIS AGREEMENT, THE LOAN DOCUMENTS OR THE COLLATERAL SHALL BE LITIGATED IN COURTS HAVING SITUS WITHIN THE BOROUGH OF MANHATTAN, COUNTY OF NEW YORK, STATE OF NEW YORK. EACH OF THE LOAN PARTY OBLIGORS AND LENDER HEREBY CONSENT AND SUBMIT TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURTS LOCATED WITHIN SAID COUNTY AND STATE. EACH OF THE LOAN PARTY OBLIGORS AND LENDER AGREE THAT SAID FORUM AND VENUE SELECTION IS MANDATORY, AND HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST ANY SUCH PERSON IN ACCORDANCE WITH THIS SECTION. BORROWER AND EACH OTHER LOAN PARTY OBLIGOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR UNDER ANY AMENDMENT, WAIVER, AMENDMENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE OTHER TRANSACTION DOCUMENTS, AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. BORROWER AND EACH OTHER LOAN PARTY OBLIGOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON BORROWER OR ANY OTHER LOAN PARTY OBLIGOR AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL (RETURN RECEIPT REQUESTED) DIRECTED TO THE BORROWER'S NOTICE ADDRESS (ON BEHALF OF THE BORROWER OR SUCH LOAN PARTY OBLIGOR) SET FORTH IN SECTION 10.1 HEREOF AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO DEPOSITED IN THE MAIL, OR, AT THE LENDER'S OPTION, BY SERVICE UPON BORROWER OR ANY OTHER LOAN PARTY OBLIGOR IN ANY OTHER MANNER PROVIDED UNDER THE RULES OF ANY SUCH COURTS.

10.16 Publication. Borrower and each other Loan Party Obligor consents to the publication by Lender of a tombstone, press releases or similar advertising material relating to the financing transactions contemplated by this Agreement, and Lender reserves the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements.

10.17 Confidentiality. Lender agrees to use commercially reasonable efforts not to disclose Confidential Information to any Person without the prior consent of Borrower; provided, however, that nothing herein contained shall limit any disclosure of the tax structure of the transactions contemplated hereby, or the disclosure of any information (a) to the extent required by applicable law, statute, rule, regulation or judicial process or in connection with the exercise of any right or remedy under any Loan

Document, or as may be required in connection with the examination, audit or similar investigation of the Lender or any of its Affiliates, (b) to examiners, auditors, accountants or any regulatory authority, (c) to the officers, partners, managers, directors, employees, agents and advisors (including independent auditors, lawyers and counsel) of the Lender or any of its Affiliates, (d) in connection with any litigation or dispute which relates to this Agreement or any other Loan Document to which the Lender is a party or is otherwise subject, (e) to a subsidiary or Affiliate of the Lender, (f) to any assignee or participant (or prospective assignee or participant) which agrees to be bound by this Section 10.17 and (g) to any lender or other funding source of the Lender (each reference to Lender in the foregoing clauses shall be deemed to include the actual and prospective assignees and participants referred to in clause 10.17 and the lenders and other funding sources referred to in clause 10.17, as applicable for purposes of this Section 10.17), and further ***provided***, that in no event shall the Lender be obligated or required to return any materials furnished by or on behalf of the Borrower or any other Loan Party or Obligor. The obligations of the Lender under this Section 10.17 shall supersede and replace the obligations of the Lender under any confidentiality letter or provision in respect of this financing or any other financing previously signed and delivered by the Lender to the Borrower or any of its Affiliates.

10.18 Borrowing Agency Provisions.

(a) Each Borrower hereby irrevocably designates Borrowing Agent to be its attorney and agent and in such capacity to (i) borrow, (ii) request advances, (iii) sign and endorse notes, (iv) execute and deliver all instruments, documents, applications, security agreements and all other certificates, notice, writings and further assurances now or hereafter required hereunder, (v) make elections regarding interest rates and (vi) otherwise take action under and in connection with this Agreement and the other Loan Documents, all on behalf of and in the name such Borrower or Borrowers, and hereby authorizes Lender to pay over or credit all Loan proceeds hereunder in accordance with the request of Borrowing Agent.

(b) The handling of this credit facility as a co-borrowing facility with a borrowing agent in the manner set forth in this Agreement is solely as an accommodation to the Borrowers and at their request. Lender shall not incur liability to any Borrower as a result thereof. To induce Lender to do so and in consideration thereof, each Borrower hereby indemnifies Lender and holds Lender harmless from and against any and all liabilities, expenses, losses, damages and claims of damage or injury asserted against Lender by any Person arising from or incurred by reason of the handling of the financing arrangements of Borrowers as provided herein, reliance by Lender on any request or instruction from Borrowing Agent or any other action taken by Lender with respect to this Section 10.18 except due to willful misconduct or gross (not mere) negligence by the indemnified party (as determined by a court of competent jurisdiction in a final and non-appealable judgment).

(c) All Obligations shall be joint and several, and each Borrower shall make payment upon the maturity of the Obligations by acceleration or otherwise, and such obligation and liability on the part of each Borrower shall in no way be affected by any extensions, renewals and forbearance granted by Lender to any Borrower, failure of Lender to give any Borrower notice of borrowing or any other notice, any failure of Lender to pursue or preserve its rights against any Borrower, the release by Lender of any Collateral now or thereafter acquired from any Borrower, and such agreement by each Borrower to pay upon any notice issued pursuant thereto is unconditional and unaffected by prior recourse by Lender to the other Borrowers or any Collateral for such Borrower's Obligations or the lack thereof. Each Borrower waives all suretyship defenses.

[Signature page follows]

IN WITNESS WHEREOF, Borrower, each other Loan Party Obligor party hereto, and Lender have signed this Agreement as of the date first set forth above.

Borrower:

WORDSWORTH ACADEMY

By: _____
Name: Donald Stewart
Its: Acting CEO and CFO

WORDSWORTH CUA 5, LLC

By: _____
Name: Andrew Gross
Its: Vice President

WORDSWORTH CUA 10, LLC

By: _____
Name: Andrew Gross
Its: Vice President

Lender:

SIENA LENDING GROUP LLC

By: _____
Name: Jorge A. Chiluisa
Its: Authorized Signatory

By: _____
Name: Steve Sanicola
Its: Authorized Signatory

Disclosure Schedule

[See attached]

Schedule A

Description of Certain Terms

1.	Loan Limits for Revolving Loans:	
	(a) Maximum Revolving Facility Amount:	From the entry of the Interim Order through and including entry of the Final Order, $1,500,000, and upon entry of the Final Order, the Maximum Revolving Facility Amount shall be increased to $5,000,000
	(b) Advance Rates:	
	(i) Accounts Advance Rate:	**80%**; ***provided***, that if Dilution exceeds 5%, Lender may, at its option (A) reduce such advance rate by the number of full or partial percentage points comprising such excess or (B) establish a Reserve on account of such excess (the "***Dilution Reserve***").
3.	Interest Rates:	
	(a) Revolving Loans:	The greater of (i) 3.00% per annum in excess of the Base Rate and (ii) 7.25%
4.	Maximum Days re Eligible Accounts:	
	(a) Maximum days after original ***invoice date*** for Eligible Accounts:	**One Hundred Twenty (120)** days
	(b) Maximum days after original ***invoice due date*** for Eligible Accounts:	**Ninety (90)** days
5.	Lender's Bank:	Wells Fargo Bank, National Association and its affiliates **Siena Funding Depository Account** **Account # 4986311751** **ABA Routing # 121000248** **Reference: Wordsworth Academy** (which bank may be changed from time to time by notice from Lender to Borrower)

6.	Scheduled Maturity Date:	The earliest to occur of (a) February 28, 2018, (b) the effective date or substantial consummation of a Reorganization Plan that has been confirmed by an order of the Bankruptcy Court, (c) the date of the conversion of the Case to a case under Chapter 7 of the Bankruptcy Code, (d) the date of the dismissal of the Case, and (e) the date that is 25 days after the entry of the Interim Order (or any earlier date that the Interim Order expires or terminates by its terms) if the Final Order has not been entered or has not become effective as of such date

Schedule B

Definitions

Unless otherwise defined herein, the following terms are used herein as defined in the UCC: Accounts, Account Debtor, Certificated Security, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Electronic Chattel Paper, Equipment, Farm Products, Fixtures, General Intangibles, Goods, Health-Care-Insurance Receivables, Instruments, Inventory, Letter-of-Credit Rights, Proceeds, Supporting Obligations and Tangible Chattel Paper.

As used in this Agreement, the following terms have the following meanings:

"***Accounts Advance Rate***" means the percentage set forth in Section 1(b)(i) of Schedule A.

"***Advance Rates***" means, collectively, the Accounts Advance Rate and the Inventory Advance Rate.

"***Affiliate***" means, with respect to any Person, any other Person in control of, controlled by, or under common control with the first Person, and any other Person who has a substantial interest, direct or indirect, in the first Person or any of its Affiliates, including, any officer or director of the first Person or any of its Affiliates; ***provided***, however, that neither Lender nor any of its Affiliates shall be deemed an "Affiliate" of Borrower for any purposes of this Agreement. For the purpose of this definition, a "substantial interest" shall mean the direct or indirect legal or beneficial ownership of more than ten (10%) percent of any class of equity or similar interest.

"***Affiliation Agreement***" means that certain Affiliation Agreement dated June 26, 2017, between Borrower 1 and PHMC.

"***Agreement***" and "***this Agreement***" have the meanings set forth in the heading to this Agreement.

"***Allowed Professional Fees***" means, as of any time, professional fees and other costs of administration of the Case (and the administrative claims related thereto) that remain due and owing less the amount of any retainers, if any, then held by the professionals retained by Borrower and the Creditors' Committee, as the same may be modified in the Final Order, or, prior to the entry of the Final Order, the Interim Order.

"***Approved Electronic Communication***" means each notice, demand, communication, information, document and other material transmitted, posted or otherwise made or communicated by e-mail, facsimile, Passport 6.0, or any other equivalent electronic service, whether owned, operated or hosted by Lender, any of its Affiliates or any other Person, that any party is obligated to, or otherwise chooses to, provide to Lender pursuant to this Agreement or any other Loan Document, including any financial statement, financial and other report, notice, request, certificate and other information or material; ***provided*** that Approved Electronic Communications shall not include any notice, demand, communication, information, document or other material that Lender specifically instructs a Person to deliver in physical form.

"***Authorized Officer***" means the chief executive officer, chief financial officer or treasurer of Borrower and each other Person designated from time to time by any of the foregoing officers of Borrower in a notice to Lender, which designation shall continue in force and effect until terminated in a notice to Lender from any of the foregoing officers of Borrower.

"***Avoidance Actions***" means all claims and causes of action of Borrower or its estate under Chapter 5 of the Bankruptcy Code and all proceeds thereof and property received thereby whether by judgment, settlement, or otherwise, whether pursuant to federal law or applicable state law.

"***Bankruptcy Code***" means the United States Bankruptcy Code (11 U.S.C. § 101 et seq.), as the same may be amended, modified or supplemented from time to time, and any successor statute thereto.

"***Bankruptcy Court***" has the meaning set forth in the recitals hereto.

"***Base Rate***" means, for any day, the greatest of (i) the per annum rate of interest which is identified as the "Prime Rate" and normally published in the Money Rates section of The Wall Street Journal (or, if such rate ceases to be so published, as quoted from such other generally available and recognizable source as Lender may select) (the "***Published Prime Rate***"), (ii) the sum of the Federal Funds Rate plus 0.5% and (iii) 4.25% per annum. Any change in the Base Rate due to a change in such Published Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in such Published Prime Rate or the Federal Funds Rate.

"***Blocked Account***" has the meaning set forth in Section 4.1.

"***Borrower***" has the meaning set forth in the Preamble to this Agreement.

"***Borrowing Agent***" means Wordsworth Academy acting for itself in its capacity as Borrower or in its capacity as agent for any other Borrower (including itself).

"***Borrowing Base***" means, as of any date of determination, the Dollar Equivalent Amount as of such date of determination of (i) the aggregate amount of Eligible Accounts multiplied by the Accounts Advance Rate; minus (ii) the Trustee Fee Reserve, the Dilution Reserve and the Designated Professional Fees Reserve, minus (iii) all other Reserves which Lender has established pursuant to Section 1.2 (including those to be established in connection with any requested Revolving Loan).

"***Budget***" means a budget prepared by Borrower in good faith based upon assumptions which Borrower believes to be reasonable and delivered to Lender on or before the Closing Date and attached hereto as Exhibit H, setting forth Borrower's cash flow forecast in reasonable detail satisfactory to Lender including receipts, disbursements and such line item detail as satisfactory to Lender, as well as projected borrowings and availability hereunder for the period commencing the Petition Date through and including the Scheduled Maturity Date (the "***Initial Period***"), and to the extent Lender consents to the extension of the Initial Period in its sole discretion, for each period subsequent to the Initial Period as Lender may request, means a budget prepared by Borrower in good faith based upon assumptions which Borrower believes to be reasonable setting forth Borrower's cash flow forecast in reasonable detail satisfactory to Lender including receipts, disbursements and such line item detail as satisfactory to Lender, as well as projected borrowings and availability for the period requested by Lender.

"***Budget Compliance Report***" has the meaning set forth in Section 5.15(j)(2).

"***Budget Test Period***" means each four (4) week period reported in the Budget Compliance Report pursuant to Section 5.15(j)(ii)(a).

"***Business Day***" means a day other than a Saturday or Sunday or any other day on which Lender or banks in New York are authorized to close.

"***Capital Expenditures***" means all expenditures which, in accordance with GAAP, would be required to be capitalized and shown on the consolidated balance sheet of Borrower, but excluding expenditures made in connection with the acquisition, replacement, substitution or restoration of assets to the extent financed (a) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored or (b) with cash awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced.

"***Capitalized Lease***" means any lease which is or should be capitalized on the balance sheet of the lessee thereunder in accordance with GAAP.

"***Carve-Out***" has the meaning given to the term "Carve-Out" in the Final Order, or, prior to the entry of the Final Order, the Interim Order.

"***Case***" has the meaning set forth in the recitals hereto.

"***Cash Collateral Order***" means any order(s) of the Bankruptcy Court authorizing the use of cash collateral in the Case.

"***Cash Management Order***" has the meaning set forth in Section 1.6(a)(9) hereof.

"***Changed Circumstances***" has the meaning set forth in Section 3.5(h) hereof..

"***Closing Date***" means September [__], 2017.

"Closing Fee" has the meaning set forth in Section (a) of Schedule C hereto.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Collateral***" means all property and interests in property in or upon which a security interest, mortgage, pledge or other Lien is granted pursuant to this Agreement or the other Loan Documents, including all of the property of each Loan Party Obligor described in Section 3.1.

"Collateral Monitoring Fee" has the meaning set forth in Section (c) of Schedule C hereto.

"Collateral Pledge Agreement(s)" means (a) that certain Collateral Pledge Agreement dated as of the date hereof by Borrower, as pledgors and Lender, as pledgee and (b) any other pledge agreement made by a pledgor in favor of Lender from time to time after the Closing Date.

"***Collections***" has the meaning set forth in Section 4.1.

"***Compliance Certificate***" means a compliance certificate substantially in the form of Exhibit F hereto to be signed by an Authorized Officer of Borrowing Agent.

"***Confidential Information***" means confidential information that any Loan Party furnishes to the Lender pursuant to any Loan Document concerning any Loan Party's business, but does not include any such information once such information has become, or if such information is, generally available to the public or available to the Lender (or other applicable Person) from a source

other than the Loan Parties which is not, to the Lender's knowledge, bound by any confidentiality agreement in respect thereof.

"***Creditors' Committee***" means the official unsecured creditors' committee appointed in the Case.

"***Default***" means any event which with notice or passage of time, or both, would constitute an Event of Default.

"***Default Rate***" has the meaning set forth in Section 2.1.

"***Designated Professional Fees Reserve***" means, at any time, an amount equal to the accrued and unpaid Allowed Professional Fees owing to the Designated Professionals (as defined in the Final Order, or, prior to the entry of the Final Order, the Interim Order).

"***Dilution***" means, as of any date of determination, a percentage, based upon the experience of the greater of (i) the immediately prior three (3) months and (ii) the immediately prior twelve (12) months, that is the result of dividing the Dollar Equivalent Amount of (a) bad debt write-downs, discounts, advertising allowances, credits, or other dilutive items with respect to Borrower's Accounts during such period, by (b) Borrower's billings with respect to Accounts during such period.

"***Dilution Reserve***" has the meaning set forth in Section 1(b)(i) of Schedule A.

"***Disclosure Schedule***" shall mean that certain Disclosure Schedule annexed hereto immediately following the signature page to this Agreement, as the same may be updated from time to time after the Closing Date.

"***Dollar Equivalent Amount***" means, at any time, (a) as to any amount denominated in Dollars, the amount hereof at such time, and (b) as to any amount denominated in a currency other than Dollars, the equivalent amount in Dollars as determined by Lender at such time that such amount could be converted into Dollars by Lender according to prevailing exchange rates selected by Lender.

"***Dollars***" or "***$***" means United States Dollars, lawful currency for the payment of public and private debts.

"***E-Signature***" means the process of attaching to or logically associating with an Approved Electronic Communication an electronic symbol, encryption, digital signature or process (including the name or an abbreviation of the name of the party transmitting the Approved Electronic Communication) with the intent to sign, authenticate or accept such Approved Electronic Communication.

"***Eligible Account***" means, at any time of determination, an Account owned by Borrower which satisfies the general criteria set forth below and which is otherwise acceptable to Lender in its sole discretion (***provided***, that Lender may, in its sole discretion, change the general criteria for acceptability of Eligible Accounts upon at least five (5) Business Days' prior written notice to Borrower). An Account shall be deemed to meet the current general criteria if:

(i) it arises from a written contract that (a) is entered into or renewed in the ordinary course of its business consistent with past practices in writing following the Petition Date, (b) is between a Borrower and an unaffiliated Governmental Authority, (c) includes the applicable Governmental Authority's agreement that the confirmation of a Reorganization Plan pursuant to which PHMC (or an Affiliate thereof) owns or controls a majority of the voting Equity Interests of a Borrower

does not constitute a default or event of default under such contract, and (d) is otherwise acceptable to Lender in its sole discretion;

(ii) neither the Account Debtor nor any of its Affiliates is an Affiliate, creditor or supplier of the applicable Borrower (with Accounts to be ineligible to the extent of any amounts owed by such the applicable Borrower to such Person as a creditor or supplier);

(iii) it does not remain unpaid more than the earlier to occur of (A) the number of days after the original ***invoice date*** set forth in Section 4(a) of Schedule A or (B) the number of days after the original ***invoice due date*** set forth in Section 4(b) of Schedule A;

(iv) the Account Debtor or its Affiliates are not past due (or past any of applicable dates referenced in clause (iii) above) on other Accounts owing to the applicable Borrower comprising more than 50% of all of the Accounts owing to the applicable Borrower by such Account Debtor or its Affiliates;

(v) all Accounts owing by the Account Debtor or its Affiliates do not represent more than 20% of all otherwise Eligible Accounts (***provided***, that Accounts which are deemed to be ineligible solely by reason of this clause (v) shall be considered Eligible Accounts to the extent of the amount thereof which does not exceed 20% of all otherwise Eligible Accounts); provided that the foregoing percentage shall be (a) 60% in the aggregate with respect to Accounts owing from the Philadelphia Department of Human Services, a Governmental Authority, and Community Behavioral Health, a non-profit corporation, and (b) 25% with respect to Accounts owing from the School District of Philadelphia, a Governmental Authority;

(vi) the Account complies with each covenant, representation or warranty contained in this Agreement or any other Loan Document with respect to Eligible Accounts (including any of the representations set forth in Section 5.4);

(vii) the Account is not subject to any contra relationship, counterclaim, dispute or set-off; ***provided*** that such Account shall be deemed to be ineligible only to the extent of such contra, counterclaim, dispute or set-off;

(viii) the Account Debtor's chief executive office or principal place of business is located in the United States or Canada, ;

(ix) the Account is payable solely in Dollars;

(x) it is absolutely owing to Borrower and does not arise from a sale on a bill-and-hold, guarantied sale, sale-or-return, sale-on-approval, consignment, retainage or any other repurchase or return basis or consist of progress billings;

(xi) Lender shall have verified the Account in a manner satisfactory to Lender;

(xii) the Account Debtor is not the United States of America or any state or political subdivision (or any department, agency or instrumentality thereof), unless the applicable Borrower has complied with the Assignment of Claims Act of 1940 (31 U.S.C. §203 et seq.) or other applicable similar state or local law in a manner satisfactory to Lender;

(xiii) it is at all times subject to Lender's duly perfected, first priority security interest and to no other Lien that is not a Permitted Lien, and the goods giving rise to such Account (A) were not, at the time of sale, subject to any Lien except Permitted Liens and (B) have been sold by the applicable Borrower to the Account Debtor in the ordinary course of the applicable Borrower's business and delivered to and accepted by the Account Debtor, or the services giving rise to such Account have been performed by the applicable Borrower and accepted by the Account Debtor in the ordinary course of the applicable Borrower's business;

(xiv) the Account is not evidenced by Chattel Paper or an Instrument of any kind (unless delivered to Lender in accordance with Section 3.2 of this Agreement) and has not been reduced to judgment;

(xv) the Account Debtor's total indebtedness to the applicable Borrower does not exceed the amount of any credit limit established by the applicable Borrower or Lender in its Permitted Discretion and the Account Debtor is otherwise deemed to be creditworthy by Lender (***provided***, that Accounts which are deemed to be ineligible solely by reason of this clause (xv) shall be considered Eligible Accounts to the extent the amount of such Accounts does not exceed the lower of such credit limits);

(xvi) there are no facts or circumstances existing, or which could reasonably be anticipated to occur, which might result in any adverse change in the Account Debtor's financial condition or impair or delay the collectability of all or any portion of such Account;

(xvii) Lender has been furnished with all documents and other information pertaining to such Account which Lender has reasonably requested, or which the applicable Borrower is obligated to deliver to Lender, pursuant to this Agreement;

(xviii) the applicable Borrower has not made an agreement with the Account Debtor to extend the time of payment thereof beyond the time periods set forth in clause (iii) above;

(xix) the applicable Borrower has not posted a surety or other bond in respect of the contract under which such Account arose; and

(xx) the Account Debtor is not subject to any proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar applicable law.

"***Equity Interests***" means, with respect to a Person, all of the shares of stock, warrants, interests, participations, or other equivalents (regardless of how designated) of or in such Person, whether voting or nonvoting, including capital stock (or other ownership or profit interests or units), preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities Exchange Commission under the Securities Exchange Act of 1934, as in effect from time to time).

"***ERISA***" means the Employee Retirement Income Security Act of 1974 and all rules, regulations and orders promulgated thereunder.

"***ERISA Affiliate***" means any trade or business (whether or not incorporated) under common control with a Loan Party within the meaning of section 414(b) or (c) of the Code (and sections 414(m) and (o) of the Code for purposes of provisions relating to section 412 of the Code and section 302 of ERISA).

"***ERISA Event***" means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by a Loan Party or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon a Loan Party or any ERISA Affiliate.

"***Event of Default***" has the meaning set forth in Section 7.1.

"***Excess Availability***" means the amount, as determined by Lender, calculated at any date, equal to the difference of (A) the lesser of (x) the Maximum Revolving Facility Amount and (y) the Borrowing Base minus Reserves against the Borrowing Base, minus (B) the outstanding balance of all Revolving Loans; ***provided*** that if any of the Loan Limits for Revolving Loans is exceeded as of the date of calculation, then Excess Availability shall be zero.

"***Excluded Taxes***" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof); (b) in the case of a Non-U.S. Recipient (as defined in Section 9(e)), U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Non-U.S. Recipient with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which Non-U.S. Recipient becomes a party to this Agreement or acquires a participation, except in each case to the extent that, pursuant to Section 9 amounts with respect to such Taxes were payable either to such Non-U.S. Recipient assignor (or Lender granting such participation) immediately before such assignment or grant of participation; (c) United States federal withholding Taxes that would not have been imposed but for such Recipient's failure to comply with Section 9(e) (except where the failure to comply with Section 9(e) was the result of a change in law, ruling, regulation, treaty, directive, or interpretation thereof by a Governmental Authority after the date the Recipient became a party to this Agreement or a Participant) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

"***Extraordinary Receipts***" means any cash or cash equivalents received by or paid to or for the account of any Loan Party not in the ordinary course of business, including amounts received in respect of foreign, United States, state or local tax refunds, purchase price adjustments, indemnification payments, and pension plan reversions.

"***FATCA***" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

"***Final Order***" means a final order of the Bankruptcy Court in the Case authorizing and approving this Agreement and the Loan Documents under Sections 364(c) and (d) of the Bankruptcy Code on a final basis and entered at or after a final hearing, in form and substance satisfactory to Lender. The Final Order shall, among other things, have:

(a) authorized the transactions contemplated by this Agreement and the extensions of credit under this Agreement;

(b) granted the claim and Lien status and Liens described in Section 3.5, and prohibited the granting of additional Liens on the assets of Loan Party Obligors except for any Liens specifically provided for in such order, which Liens shall be Permitted Liens;

(c) provided that such Liens are automatically perfected as of the Petition Date by the entry of the Final Order and also granted to Lender relief from the automatic stay of Section 362(a) of the Bankruptcy Code to enable Lender, if Lender elects to do so in its discretion, to make all filings and recordings and to take all other actions considered necessary or advisable by Lender to perfect, protect and insure the priority of its Liens upon the Collateral as a matter of non-bankruptcy law;

(d) provided that no Person will be permitted to surcharge the Collateral under Section 506(c) of the Bankruptcy Code, nor shall any costs or expenses whatsoever be imposed against the Collateral;

(e) prohibited the use of any cash collateral by any Loan Party Obligor; and

(f) provided Lender with relief from the automatic stay in a manner consistent with the terms of Section 7.2.

"***Fiscal Year***" means the fiscal year of Borrower which ends on June 30th of each year.

"***GAAP***" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the United States accounting profession), which are applicable to the circumstances as of the date of determination, in any case consistently applied.

"***Governmental Authority***" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"***Guaranty***", "***Guaranteed***" or to "***Guarantee***", as applied to any Indebtedness, liability or other obligation, means (i) a guaranty, directly or indirectly, in any manner, including by way of endorsement (other than endorsements of negotiable instruments for collection in the ordinary course of business), of any part or all of such Indebtedness, liability or obligation, and (ii) an agreement, contingent or otherwise, and whether or not constituting a guaranty, assuring, or intended to assure, the payment or performance (or payment of damages in the event of non-performance) of any part or all of such Indebtedness, liability or obligation by any means (including, the purchase of securities or obligations, the purchase or sale of property or services, or the supplying of funds).

"***Guarantors***" means each Loan Party Obligor, PHMC and any other Person that from time to provides a Guaranty of the Obligations.

"***Indebtedness***" means (without duplication), with respect to any Person, (i) all obligations or liabilities, contingent or otherwise, for borrowed money, (ii) all obligations represented by promissory notes, bonds, debentures or the like, or on which interest charges are customarily paid, (iii) all liabilities secured by any Lien on property owned or acquired, whether or not such liability shall have been assumed, (iv) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (v) all obligations of such Person issued or assumed as the deferred purchase price of property or services (excluding trade payables which are not ninety (90) days past the invoice date incurred in the ordinary course of business, but including the maximum potential amount payable under any earn-out or similar obligations), (vi) all Capitalized Leases of such Person, (vii) all obligations (contingent or otherwise) of such Person as an account party or applicant in respect of letters of credit and/or bankers' acceptances, or in respect of financial or other hedging obligations, (viii) all equity interests issued by such Person subject to repurchase or redemption at any time on or prior to the Scheduled Maturity Date, other than voluntary repurchases or redemptions that are at the sole option of such Person, (ix) all principal outstanding under any synthetic lease, off-balance sheet loan or similar financing product, and (x) all Guarantees, endorsements (other than for collection in the ordinary course of business) and other contingent obligations in respect of the obligations of others.

"***Indemnified Taxes***" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"***Ineligible Professional Expenses***" shall mean fees or expenses incurred by any Person, including the Creditors' Committee, in connection with any of the following: (a) an assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief: (i) challenging the legality, validity, priority, perfection, or enforceability of the Obligations or Lender's Liens on and security interests in the Collateral, (ii) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Obligations or Lender's Liens on and security interests in the Collateral, or (iii) preventing, hindering or delaying Lender's assertion or enforcement of any Lien, claim, right or security interest or realization upon any in accordance with the terms and conditions of the Interim Order or Final Order, (b) a request to use the cash collateral (as such term is defined in Section 363 of the Bankruptcy Code) without the prior written consent of Lender, except to the extent expressly permitted in the Interim Order or, upon entry of the Final Order, the Final Order, (c) a request for authorization to obtain debtor-in-possession financing or other financial accommodations pursuant to Section 364(c) or (d) of the Bankruptcy Code, other than from Lender, without the prior written consent of Lender, (d) the commencement or prosecution of any action or proceeding of any claims, causes of action or defenses against Lender or any of its officers, directors, employees, agents, attorneys, affiliates, successors or assigns, including, without limitation, any attempt to recover or avoid any claim or interest from Lender under Chapter 5 of the Bankruptcy Code, or (e) any act which has or could have the effect of materially and adversely modifying or compromising the rights and remedies of Lender, or which is contrary, in a manner that is material and adverse to Lender, to any term or condition set forth in or acknowledged by this Agreement, the Loan Documents or the Interim Order and which results in the occurrence of an Event of Default under this Agreement, the Interim Order or the Final Order.

"***Initial Period***" has the meaning set forth in the definition of "Budget" herein.

"***Intellectual Property***" means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks and trademark licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"***Interim Order***" means a final order of the Bankruptcy Court in the Case authorizing and approving this Agreement and the Loan Documents, for an interim period, under Sections 364(c) and (d) of the Bankruptcy Code and entered at or after a hearing, in form and substance satisfactory to Lender. The Interim Order shall, among other things, have:

(a) authorized the transactions contemplated by this Agreement and the extensions of credit under this Agreement;

(b) granted the claim and Lien status and Liens described in Section 3.5, and prohibited the granting of additional Liens on the assets of Loan Party Obligors except for any Liens specifically provided for in such order, which Liens shall be Permitted Liens;

(c) provided that such Liens are automatically perfected as of the Petition Date by the entry of the Interim Order and also granted to Lender relief from the automatic stay of Section 362(a) of the Bankruptcy Code to enable Lender, if Lender elects to do so in its discretion, to make all filings and recordings and to take all other actions considered necessary or advisable by Lender to perfect, protect and insure the priority of its Liens upon the Collateral as a matter of non-bankruptcy law;

(d) upon entry of the Final Order, provided that no Person will be permitted to surcharge the Collateral under Section 506(c) of the Bankruptcy Code, nor shall any costs or expenses whatsoever be imposed against the Collateral; and

(e) prohibited the use of any cash collateral by any Loan Party Obligor; and

(f) provided Lender with relief from the automatic stay in a manner consistent with the terms of Section 7.2.

"***Investment Property***" means the collective reference to (a) all "investment property" as such term is defined in Section 9-102 of the UCC, (b) all "financial assets" as such term is defined in Section 8-102(a)(9) of the UCC, and (c) whether or not constituting "investment property" as so defined, all Pledged Equity.

"***Issuers***" means the collective reference to each issuer of Investment Property.

"***Judgment Currency***" has the meaning set forth in Section 6.3(b).

"***Lender***" has the meaning set forth in the heading to this Agreement.

"***LIBOR Rate***" means, for any day, a rate per annum equal to (i) the offered rate for deposits in Dollars for a 30-day period and for the amount of the applicable Loan as published in the "Money Rates" section of The Wall Street Journal (or another national publication selected by Lender if such rate is not so published) as of such day, divided by (ii) the sum of one minus the aggregate maximum reserve requirement (expressed as a decimal) then imposed under Regulation D of the FRB for "Eurocurrency Liabilities".

"***Lien***" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement and any other preference, priority, or preferential arrangement in the nature of a security interest of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

"***Loan Account***" has the meaning set forth in Section 2.4.

"***Loan Documents***" means, collectively, this Agreement and all notes, guaranties, security agreements, mortgages, certificates, landlord's agreements, Blocked Account agreements, the Interim Order, the Final Order, the Cash Management Order, the Mortgages, the Collateral Pledge Agreement, the Personal Guaranties Agreement, the PHMC Guaranty, and all other agreements, documents and instruments now or hereafter executed or delivered by Borrower, any Loan Party, or any Other Obligor in connection with, or to evidence the transactions contemplated by, this Agreement.

"***Loan Guaranty***" means Section 8 of this Agreement.

"***Loan Limits***" means, collectively, the Loan Limits for Revolving Loans set forth in Section 1 of Schedule A and all other limits on the amount of set forth in this Agreement.

"***Loan Party***" means, individually**,** Borrower, or any Subsidiary; and "***Loan Parties***" means, collectively, Borrower and all Subsidiaries.

"***Loan Party Obligor***" means, individually, Borrower or any Obligor that is a Loan Party; and "***Loan Party Obligors***" means, collectively, Borrower and each Loan Party Obligor.

"***Loans***" means, collectively, the Revolving Loans.

"***Management Agreement***" means, individually and collectively, that certain Transition Management Agreement dated June 26, 2017, among Borrower 2, Borrower 3, and Turning Points for Children, a Pennsylvania non-profit corporation, and that certain Transition Management Agreement dated June 26, 2017 between Borrower 1 and PHMC.

"***Material Adverse Effect***" means any event, act, omission, condition or circumstance which, which individually or in the aggregate, has or could reasonably be expected to have a material adverse effect on (i) the business, operations, prospects, properties, assets or condition, financial or otherwise, of any Loan Party Obligor, (ii) the ability of any Loan Party Obligor to perform any of its obligations under any of the Loan Documents, or (iii) the validity or enforceability of, or Lender's rights and remedies under, any of the Loan Documents.

"***Material Contract***" means has the meaning set forth in Section 5.18.

"***Maturity Date***" means the Scheduled Maturity Date (or if earlier the Termination Date), or such earlier date as the Obligations may be accelerated in accordance with the terms of this Agreement (including without limitation pursuant to Section 7.2).

"***Maximum Lawful Rate***" has the meaning set forth in Section 2.5.

"***Maximum Liability***" has the meaning set forth in Section 8.9.

"***Maximum Revolving Facility Amount***" means the amount set forth in Section 1(a) of Schedule A.

"Monthly Financial Model" means a report substantially in the form of Exhibit G hereto to be signed by an Authorized Officer of Borrowing Agent.

"***Mortgage(s)***" means that certain Third Lien Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof on the Real Property securing the Obligations.

"***Multiemployer Plan***" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which a Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"***Non-Paying Guarantor***" has the meaning set forth in Section 8.10.

"***Non-U.S. Recipient***" has the meaning set forth in Section 9(e)(iii).

"***Notice of Borrowing***" has the meaning set forth in Section 1.4.

"***Obligations***" means all present and future Loans, advances, debts, liabilities, fees, expenses, obligations, guaranties, covenants, duties and indebtedness at any time owing by Borrower or any Loan Party Obligor to Lender, whether evidenced by this Agreement, any other Loan Document or otherwise whether arising from an extension of credit, guaranty, indemnification or otherwise, whether direct or indirect (including those acquired by assignment and any participation by Lender in Borrower's indebtedness owing to others), whether absolute or contingent, whether due or to become due, and whether arising before or after the commencement of a proceeding, or conversion of the Case to a chapter 7 case, under the Bankruptcy Code or any similar statute.

"***Obligor***" means any guarantor, endorser, acceptor, surety or other Person liable on, or with respect to, any of the Obligations or who is the owner of any property which is security for any of the Obligations, other than Borrower.

"***Organic Documents***" means, with respect to any Person, the certificate of incorporation, articles of incorporation, certificate of formation, certificate of limited partnership, by-laws, operating agreement, limited liability company agreement, limited partnership agreement or other similar governance document of such Person.

"***Other Obligor***" means any Obligor other than any Loan Party Obligor.

"***Other Taxes***" means all present or future stamp, court or documentary, property, excise, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"***Overadvance***" has the meaning set forth in Section 1.7(a).

"***Participant***" has the meaning set forth in Section 10.10.

"***Passport 6.0***" means the electronic and/or internet-based system approved by Lender for the purpose of making notices, requests, deliveries, communications, and for the other purposes

contemplated in this Agreement or otherwise approved by Lender, whether such system is owned, operated or hosted by Lender, any of its Affiliates or any other Person.

"***Paying Guarantor***" has the meaning set forth in Section 8.10.

"***PBGC***" means the Pension Benefit Guaranty Corporation.

"***Pension Act***" means the Pension Protection Act of 2006.

"***Pension Funding Rules***" means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA, and any sections of the Code or ERISA related thereto that are enacted after the date of this Agreement.

"***Pension Plan***" means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by a Loan Party and or ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"***Permitted Discretion***" means a determination made by Lender in the exercise of reasonable (from the perspective of an asset-based secured lender) business judgment.

"***Permitted Indebtedness***" means: (a) the Obligations; (b) the Indebtedness existing on the Petition Date described in Section 6 of the Disclosure Schedule; (c) capitalized leases and purchase money Indebtedness existing on the Petition Date secured by Permitted Liens in an aggregate amount not exceeding $25,000 at any time outstanding; and (d) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business**.**

"***Permitted Liens***" means (a) purchase money security interests in specific items of Equipment existing on the Petition Date securing Permitted Indebtedness described under clause (c) of the definition of Permitted Indebtedness; (b) liens for taxes, fees, assessments, or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings (which proceedings have the effect of preventing the enforcement of such lien) for which adequate reserves in accordance with GAAP are being maintained, ***provided*** the same have no priority over any of Lender's security interests; (d) liens of materialmen, mechanics, carriers, or other similar liens arising in the ordinary course of business and securing obligations which are not delinquent or are being contested in good faith by appropriate proceedings (which proceedings have the effect of preventing the enforcement of such lien) for which adequate reserves in accordance with GAAP are being maintained; (e) liens which constitute banker's liens, rights of set-off, or similar rights as to deposit accounts or other funds maintained with a bank or other financial institution (but only to the extent such banker's liens, rights of set-off or other rights are in respect of customary service charges relative to such deposit accounts and other funds, and not in respect of any loans or other extensions of credit by such bank or other financial institution to any Loan Party); (f) cash deposits or pledges of an aggregate amount not to exceed $10,000 to secure the payment of worker's compensation, unemployment insurance, or other social security benefits or obligations, public or statutory obligations, surety or appeal bonds, bid or performance bonds, or other obligations of a like nature incurred in the ordinary course of business; (g) Prepetition Liens (as defined in the Final Order, or, prior to the entry of the Final Order, the Interim Order) in favor of M&T Bank securing Permitted

Indebtedness described under clause (b) of the definition of Permitted Indebtedness; and (h) the Play and Learn DIP Lien (as defined in the Final Order, or, prior to the entry of the Final Order, the Interim Order) securing Permitted Indebtedness described under clause (b) of the definition of Permitted Indebtedness.

"***Permitted Priority Liens***" means, collectively, (a) Liens in favor of M&T Bank arising under the Prepetition Mortgage (as defined in the Final Order, or, prior to the entry of the Final Order, the Interim Order) securing Permitted Indebtedness described under clause (b) of the definition of Permitted Indebtedness and (b) the Play and Learn DIP Lien (as defined in the Final Order, or, prior to the entry of the Final Order, the Interim Order) securing Permitted Indebtedness described under clause (b) of the definition of Permitted Indebtedness.

"***Person***" means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, government or any agency or political division thereof, or any other entity or the Creditor's Committee.

"***Petition Date***" has the meaning set forth in the recitals hereto.

"***PHMC***" means Public Health Management Corporation, a Pennsylvania nonprofit corporation.

"***PHMC Guaranty***" means that certain Guaranty dated as of the Closing Date by PHMC in favor of Lender.

"***Plan***" means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained by any Loan Party or any such plan to which any Loan Party (or with respect to any plan subject to Section 412 or 430 of the Code or Section 302 or Title IV of ERISA, any ERISA Affiliate) is required to contribute.

"***Pledged Equity***" means the Equity Interests listed on Sections 1(f) and 1(g) of the Disclosure Schedule, together with any other Equity Interests, certificates, options, or rights or instruments of any nature whatsoever in respect of the equity interests of any Person that may be issued or granted to, or held by, any Loan Party Obligor while this Agreement is in effect, and including, without limitation, to the extent attributable to, or otherwise related to, such pledged equity interests, all of such Loan Party Obligor's (i) interests in the profits and losses of each Issuer, (ii) rights and interests to receive distributions of each Issuer's assets and properties, and (iii) rights and interests, if any, to participate in the management or each Issuer related to such pledged equity interests.

"***Prepayment Event***" means: (i) any sale (other than sales of inventory in the ordinary course of business), transfer or other disposition (including pursuant to a sale and leaseback transaction) of any property or asset of any Loan Party other than assets with an aggregate fair value which do not exceed $25,000 in any Fiscal Year; (ii) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any of any Loan Party with an aggregate fair value immediately prior to such event equal to or greater than $25,000 in any Fiscal Year; (iii) the issuance by any Loan Party to any Person (other than to another Loan Party) of any equity interests after the Closing Date, or the receipt by any Loan Party of any capital contribution from any Person (other than from another Loan Party) after the Closing Date; (iv) the incurrence by any Loan Party of any Indebtedness not permitted by this Agreement; and (v) the receipt by any Loan Party of any Extraordinary Receipts in excess of $25,000 in the aggregate in any Fiscal Year.

"***Pre-Petition Payment***" means a payment (by way of adequate protection or otherwise) of principal or interest or otherwise on account of any pre-petition Indebtedness or trade payables or other pre-petition claims against Borrower or any other Obligor.

"***Protective Advances***" has the meaning set forth in Section 1.3.

"***Real Property***" means the real property located at 2101 Pennsylvania Avenue, Fort Washington, Pennsylvania.

"***Recipient***" means any Lender, Participant, or any other recipient of any payment to be made by or on account of any Obligation of any Loan Party under this Agreement or any other Loan Document, as applicable.

"***Register***" has the meaning set forth in Section 10.9(a).

"***Released Parties***" has the meaning set forth in Section 6.1.

"***Reorganization Plan***" means a plan or plans of reorganization in the Case.

"***Reportable Event***" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"***Reserves***" has the meaning set forth in Section 1.2.

"***Restricted Accounts***" means Deposit Accounts (a) established and used (and at all times will be used) solely for the purpose of paying current payroll obligations of Loan Parties (and which do not (and will not at any time) contain any deposits other than those necessary to fund current payroll), in each case in the ordinary course of business, or (b) maintained (and at all times will be maintained) solely in connection with an employee benefit plan, but solely to the extent that all funds on deposit therein are solely held for the benefit of, and owned by, employees (and will continue to be so held and owned) pursuant to such plan.

"***Revolving Loans***" has the meaning set forth in Section 1.1(a).

"***Scheduled Maturity Date***" means the date set forth in Section 6 of Schedule A.

"***Securities Act***" means the Securities of Act of 1933, as amended.

"***Senior Officer***" means the current president, chief executive officer, global controller, chief financial officer, treasurer or assistant treasurer of any Loan Party Obligor.

"***Servicer***" means Siena Lending Group LLC, a Delaware limited liability company, in its a capacity as servicer.

"***Stated Rate***" has the meaning set forth in Section 2.5.

"***Statutory Fees***" has the meaning given to the term "Statutory Fees" in the Final Order, or, prior to the entry of the Final Order, the Interim Order.

"***Subsidiary***" means any corporation or other entity of which a Person owns, directly or indirectly, through one or more intermediaries, more than 50% of the Equity Interests at the time of

determination. Unless the context indicates otherwise, references to a Subsidiary shall be deemed to refer to a Subsidiary of Borrower.

"***Superpriority Claim***" means an allowed claim against any Loan Party Obligor or such Loan Party Obligor's estate in the Case which is an administrative expense claim having priority pursuant to Section 364(c)(1) of the Bankruptcy Code over (a) any and all allowed administrative expenses or priority claims and (b) all unsecured claims now existing or hereafter arising, including any administrative expenses of the kind specified in the Bankruptcy Code, including without limitation Sections 105, 326, 328, 330, 331, 364(c)(1), 365, 503, 506(c) (upon entry of the Final Order), 507, 546, 726, 1113 or 1114 of the Bankruptcy Code.

"***Taxes***" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"***Termination Date***" means the date on which all of the Obligations have been paid in full in cash and all of Lender's lending commitments under this Agreement and under each of the other Loan Documents have been terminated.

"***Trustee Fee Reserve***" means, at any given time, an amount equal to the statutory fees payable to the U.S. Trustee pursuant to 28 U.S.C. §§ 1930(a)(6) with respect to the Debtors, which shall be up to a maximum of $30,000.00 in the aggregate.

"***UCC***" means, at any given time, the Uniform Commercial Code as adopted and in effect at such time in the State of New York or such other applicable jurisdiction.

Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder (including determinations made pursuant to the exhibits hereto) shall be made, and all financial statements required to be delivered hereunder shall be prepared on a consolidated basis in accordance with GAAP consistently applied. If at any time any change in GAAP would affect the computation of any financial ratio or financial requirement set forth in any Loan Document, and either Borrower or Lender shall so request, Lender and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; ***provided*** that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) Borrower shall provide to Lender financial statements and other documents required under this Agreement and the other Loan Documents which include a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (Codification of Accounting Standards 825-10) to value any Indebtedness or other liabilities of any Loan Party Obligor at "fair value", as defined therein.

Notwithstanding anything to the contrary contained in the paragraph above or the definitions of Capital Expenditures or Capitalized Leases, in the event of a change in GAAP after the Closing Date requiring all leases to be capitalized, only those leases (assuming for purposes of this paragraph that they were in existence on the Closing Date) that would constitute Capitalized Leases on the Closing Date shall be considered Capitalized Leases (and all other such leases shall constitute operating leases) and all calculations and deliverables under this Agreement or the other Loan Documents shall be made in accordance therewith (other than the financial statements delivered

pursuant to this Agreement; ***provided*** that all such financial statements delivered to Lender in accordance with the terms of this Agreement after the date of such change in GAAP shall contain a schedule showing the adjustments necessary to reconcile such financial statements with GAAP as in effect immediately prior to such change).

References in this Agreement to "Articles", "Sections", "Annexes", "Exhibits" or "Schedules" shall be to Articles, Sections, Annexes, Exhibits or Schedules of or to this Agreement unless otherwise specifically provided. Any term defined herein may be used in the singular or plural. "Include", "includes" and "including" shall be deemed to be followed by "without limitation". "Or" shall be construed to mean "and/or". Except as otherwise specified or limited herein, references to any Person include the successors and assigns of such Person. References "from" or "through" any date mean, unless otherwise specified, "from and including" or "through and including", respectively. Unless otherwise specified herein, the settlement of all payments and fundings hereunder between or among the parties hereto shall be made in lawful money of the United States and in immediately available funds. Time is of the essence for each performance obligation of the Loan Party Obligors under this Agreement and each Loan Document. All amounts used for purposes of financial calculations required to be made herein shall be without duplication. References to any statute or act shall include all related current regulations and all amendments and any successor statutes, acts and regulations. References to any agreement, instrument or document (i) shall include all schedules, exhibits, annexes and other attachments thereto and (ii) shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein or in any other Loan Document). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Unless otherwise specified herein Dollar ($) baskets set forth in the representations and warranty, covenants and event of default provisions of this Agreement (and other similar baskets) are calculated as of each date of measurement by the Dollar Equivalent Amounts thereof as of such date of measurement.

Schedule C

Fees

(a) **Closing Fee.** A fee equal to $150,000 (the "***Closing Fee***"), which Closing Fee shall be deemed to be fully earned, non-refundable and payable upon entry of the Interim Order.

(b) **[Reserved].**

(c) **[Reserved].**

(d) **Unused Line Fee.** An unused line fee (the "***Unused Line Fee***") equal to 1.0% per annum of the amount by which (i) the Maximum Revolving Facility Amount, calculated without giving effect to any Reserves, applied to the Maximum Revolving Facility Amount, exceeds (ii) the average daily outstanding principal balance of the Revolving Loans during the immediately preceding month (or part thereof), which each such fee shall be deemed to be fully earned, non-refundable and payable, in arrears, on the first day of each month until the Termination Date.

(e) **[Reserved].**

(f) **[Reserved].**

(g) **[Reserved].**

(h) **[Reserved].**

(i) **[Reserved].**

(j) **Passport 6.0 Fee.** A fee equal to $250 per month for access to and use of Passport 6.0, which each such shall be deemed to be fully earned, non-refundable and payable as of the Closing Date and on the first day of each month thereafter until the Termination Date.

Schedule D

Provide Lender with each of the documents set forth below at the following times in form satisfactory to Lender:

No later than the date that is 45 days after the Closing Date	(a) a historical financial model for Passport 6.0, in a form to be determined by Lender.
Weekly (no later than the 2nd Business Day of each week), but in any event no later than the date of each Loan made or more frequently if Lender requests	(b) a detailed aging, by total, of Borrower's Accounts, together with an Account roll-forward with supporting details supplied from sales journals, collection journals, credit registers and any other records, with respect to Borrower's Accounts (delivered electronically in an acceptable format). (c) a detailed schedule of the Allowed Professional Fees incurred to date but not paid and a schedule of the trustee fees incurred to date but not paid.
Weekly (no later than the 2nd Business Day of each week) or more frequently if Lender requests	(d) notice of all claims, offsets, or disputes asserted by Account Debtors with respect to Borrower's Accounts, other than immaterial adjustments or offsets arising in the ordinary course of business consistent with past practices (e) copies of invoices together with credit memos and corresponding supporting documentation, with respect to invoices and credit memos in excess of an amount determined in the Permitted Discretion of Lender, from time to time, and (f) copies of all contracts entered into or renewed between a Borrower and any Governmental Authority.
Monthly (no later than the 15th day of each calendar month)	(g) a detailed aging, by total, of Borrower's Accounts, together with a monthly Account roll-forward with respect to Borrower's Accounts, in a format acceptable to Lender in its discretion, tied to the beginning and ending Account balances of Borrower's general ledger (delivered electronically in an acceptable format). (h) a schedule of material revenue producing contracts, by legal entity, indicating the name of the party, inception date, termination date and, if applicable, status of renewal. For purposes of this clause (h), "material revenue producing contract" means any contract with expected revenue in excess of $500,000 during any period of twelve consecutive months.
Monthly (no later than the 20th day of each calendar month)	(i) a summary aging, by vendor and by pre-petition and post-petition obligations, of each Loan Party's accounts payable and any book overdraft and an aging, by vendor and by pre-petition and post-petition obligations, of any held checks (delivered electronically in an acceptable format).

Monthly (no later than the 20th day of each calendar month)	(j) a reconciliation of Accounts and trade accounts payable of Borrower's general ledger accounts to its monthly financial statements including any book reserves related to each category, and (k) [reserved].
Monthly (no later than the 20th day of each calendar month)	(l) a monthly model (referred to as the "FTA") for Passport 6.0, in a form to be determined by Lender.
Quarterly, if applicable	(m) a report regarding each Loan Party's accrued, but unpaid, ad valorem taxes.
Contemporaneously with each Revolving Loan	(n) reports reasonably requested by Lender, including, without limitation, sales journal, credit memos and collections, cash disbursements, accounts receivable and accounts payable reports.
Bi-Annually (in January and in July of each calendar year)	(o) a detailed list of each Loan Party's customers, with address and contact information, (p) a detailed list of each Loan Party's vendors, with address and contact information, and (q) an updated Disclosure Schedule, true and correct in all material respects as of the date of delivery, accompanied by a certificate executed by an Authorized Officer of Borrower and substantially in the form of Exhibit F hereto (it being understood and agreed that no such update shall serve to cure any existing Event of Default, including any Event of Default resulting from any failure to provide any such disclosure to Lender on an earlier date or any breach of any earlier made representation and/or warranty).
Yearly (no later than the 120th day after the end of each Fiscal Year of Borrower)	(r) financial statements of each Other Obligor.

Exhibit A

FORM OF NOTICE OF BORROWING

[letterhead of Borrowing Agent]

Siena Lending Group LLC
9 W Broad Street, 5th Floor
Stamford, Connecticut 06902
Attention: Steve Sanicola

Dear Mr. Sanicola:

Please refer to the Debtor-in-Possession Loan and Security Agreement dated as of [_____] (as amended, restated or otherwise modified from time to time, the "***Loan Agreement***") among the undersigned, as Borrower, each of the other Borrowers (as defined therein), the Loan Party Obligors (as defined therein) party thereto, and Siena Lending Group LLC, as Lender. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Loan Agreement. This notice is given pursuant to Section 1.4 of the Loan Agreement and constitutes a representation by Borrowing Agent, on behalf of Borrower, that the conditions specified in Section 1.6 of the Loan Agreement have been satisfied. Without limiting the foregoing, (i) each of the representations and warranties set forth in the Loan Agreement and in the other Loan Documents is true and correct in all respects as of the date hereof (or to the extent any representations or warranties are expressly made solely as of an earlier date, such representations and warranties shall be true and correct as of such earlier date), both before and after giving effect to the Loans requested hereby, (ii) no Default or Event of Default is in existence, both before and after giving effect to the Loans requested hereby (*if not true, in the "Comments Regarding Exceptions" section below, specify the Default of Event of Default, its nature, when it occurred, whether it is continuing and the steps being taken by Borrower with respect to such Default of Event of Default)* and (iii) the borrowing being requested hereunder shall be used in accordance with the Budget, subject to the variances permitted under Section 7.1(pp) of the Loan Agreement within five (5) Business Days of the funding of such borrowing request.

Borrowing Agent, on behalf of Borrower, hereby requests a borrowing under the Loan Agreement as follows:

The aggregate amount of the proposed borrowing is $[_____]. The requested borrowing date for the proposed borrowing (which is a Business Day) is [_____], [____].

Borrowing Agent has caused this Notice of Borrowing to be executed and delivered by its Authorized Officer thereunto duly authorized on [_____].

Comments Regarding Exceptions: _____.

[BORROWING AGENT]

By: _____
Title: _____

Exhibit B

CLOSING CHECKLIST

[Attached]

Exhibit C

CLIENT USER FORM

Siena Lending Group LLC
Passport 6.0 – Client User Form

Borrower Name: Wordsworth Academy

Borrower Number: _____

Loan and Security Agreement Date: _____ __, 20__

We, being two Authorized Officers of the above borrower (the "***Borrowing Agent***"), refer to the above Debtor-in-Possession Loan and Security Agreement (as amended, restated or otherwise modified from time to time, the "***Loan Agreement***") between the Borrowing Agent, each of the other Borrowers (as defined therein) and Siena Lending Group LLC. This is the Client User Form, used to determined client access to Passport 6.0.

Being duly authorized by the Borrowing Agent, we each confirm that the following people have been authorized by the Borrowing Agent to have access (Full Access or Read Only, as indicated below) to Passport 6.0:

First Name	Last Name	Full Access or Read Only Access[1]	Email Address	Phone Number

[BORROWING AGENT]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

[1] Note: "Full Access" means the designated user will have the following rights: (i) upload documents into Passport 6.0; (ii) access to Borrower portal within Passport 6.0 module; and (iii) authority to request advances. "Read Only Access" means the designated user will be limited to (i) and (ii).

Exhibit D

AUTHORIZED ACCOUNTS FORM

Siena Lending Group LLC
Authorized Accounts Form

Borrower Name: Wordsworth Academy

Borrower Number: _____

Loan and Security Agreement Date: _____ __, 20__

I, being an Authorized Officer of the above borrower (the "***Borrowing Agent***"), refer to the above Debtor-in-Possession Loan and Security Agreement (as amended, restated or otherwise modified from time to time, the "***Loan Agreement***") between the Borrowing Agent, each of the other Borrowers (as defined therein) and Siena Lending Group LLC ("***Lender***"). This is the Authorized Accounts Form, referring to authorized operating bank accounts of the Borrower. Terms defined in the Loan Agreement have the same meaning when used in this Authorized Accounts Form.

Being duly authorized by the Borrowing Agent, I confirm that the following operating bank accounts of the Borrowing Agent are the accounts into which the proceeds of any Loan may be paid:

Bank	Routing Number	Account number	Account name

[BORROWING AGENT]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

Exhibit E-1

FORM OF ACCOUNT DEBTOR NOTIFICATION

[Borrower 1]
_____
_____

VIA OVERNIGHT COURIER

_____
_____
_____

Re: Loan Transaction with Siena Lending Group LLC

Ladies and Gentlemen:

Please be advised that we and certain of our subsidiaries or affiliates have entered into certain financing arrangements (the "***Financing Arrangements***") with Siena Lending Group LLC (as originating lender, and after the Closing Date as servicer for affiliated assignee, Siena Funding LLC, a Delaware limited liability company ("Siena Funding"), and together with Siena Funding, collectively, "Lender")), pursuant to which we have granted to Lender a security interest in, among other things, any and all Accounts and Chattel Paper (as those terms are defined in the Uniform Commercial Code) owing by you to us, whether now existing or hereafter arising.

You are authorized and directed to respond to any inquiries that Lender may direct to you from time to time pertaining to the validity, amount, and other matters relating to such Accounts and Chattel Paper. In addition, you are hereby authorized and directed to pay all invoices and amounts now and hereafter due to us pursuant to the following directions:

If remitting payment via wire transfer, please wire transfer the monies to the following account:

Transit Number (RTN/ABA): _____
Bank Name: _____
Account Name: _____
Beneficiary Account Number: _____
Reference: _____

If payment by check:

Made payable to: [BORROWER 1'S NAME]

Mailed to: _____
_____
_____

Please notify your accounting department of this change. If you make payment to us in any manner other than as set forth above, such payment will not constitute settlement of the account. These instructions may not be modified or supplemented without written notice from Siena Lending Group LLC.

This authorization and directive shall be continuing and irrevocable until all of the Financing Agreements have been terminated and all obligations owing thereunder by us and our subsidiaries or affiliates have been paid in full in cash (other than unasserted contingent indemnification obligations).

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Very truly yours,

[BORROWER 1'S NAME]

By: _____
Name:
Title:

cc: Siena Lending Group LLC
9 W Broad Street, 5th Floor
Stamford, CT 06902
Attention: Steven Sanicola

Exhibit E-2

FORM OF ACCOUNT DEBTOR NOTIFICATION

[Borrower 2]

_____
_____

VIA OVERNIGHT COURIER

_____
_____
_____

Re: Loan Transaction with Siena Lending Group LLC

Ladies and Gentlemen:

Please be advised that we and certain of our subsidiaries or affiliates have entered into certain financing arrangements (the "***Financing Arrangements***") with Siena Lending Group LLC (as originating lender, and after the Closing Date as servicer for affiliated assignee, Siena Funding LLC, a Delaware limited liability company ("Siena Funding"), and together with Siena Funding, collectively, "Lender")), pursuant to which we have granted to Lender a security interest in, among other things, any and all Accounts and Chattel Paper (as those terms are defined in the Uniform Commercial Code) owing by you to us, whether now existing or hereafter arising.

You are authorized and directed to respond to any inquiries that Lender may direct to you from time to time pertaining to the validity, amount, and other matters relating to such Accounts and Chattel Paper. In addition, you are hereby authorized and directed to pay all invoices and amounts now and hereafter due to us pursuant to the following directions:

If remitting payment via wire transfer, please wire transfer the monies to the following account:

Transit Number (RTN/ABA): _____
Bank Name: _____
Account Name: _____
Beneficiary Account Number: _____
Reference: _____

If payment by check:

Made payable to: [BORROWER 2'S NAME]

Mailed to: _____
_____
_____

Please notify your accounting department of this change. If you make payment to us in any manner other than as set forth above, such payment will not constitute settlement of the account. These instructions may not be modified or supplemented without written notice from Siena Lending Group LLC.

This authorization and directive shall be continuing and irrevocable until all of the Financing Agreements have been terminated and all obligations owing thereunder by us and our subsidiaries or affiliates have been paid in full in cash (other than unasserted contingent indemnification obligations).

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Very truly yours,

[BORROWER 2'S NAME]

By: _____
Name:
Title:

cc: Siena Lending Group LLC
9 W Broad Street, 5th Floor
Stamford, CT 06902
Attention: Steven Sanicola

Exhibit E-3

FORM OF ACCOUNT DEBTOR NOTIFICATION

[Borrower 3]

_____
_____

VIA OVERNIGHT COURIER

_____
_____
_____

Re: Loan Transaction with Siena Lending Group LLC

Ladies and Gentlemen:

Please be advised that we and certain of our subsidiaries or affiliates have entered into certain financing arrangements (the "***Financing Arrangements***") with Siena Lending Group LLC (as originating lender, and after the Closing Date as servicer for affiliated assignee, Siena Funding LLC, a Delaware limited liability company ("Siena Funding"), and together with Siena Funding, collectively, "Lender")), pursuant to which we have granted to Lender a security interest in, among other things, any and all Accounts and Chattel Paper (as those terms are defined in the Uniform Commercial Code) owing by you to us, whether now existing or hereafter arising.

You are authorized and directed to respond to any inquiries that Lender may direct to you from time to time pertaining to the validity, amount, and other matters relating to such Accounts and Chattel Paper. In addition, you are hereby authorized and directed to pay all invoices and amounts now and hereafter due to us pursuant to the following directions:

If remitting payment via wire transfer, please wire transfer the monies to the following account:

Transit Number (RTN/ABA): _____
Bank Name: _____
Account Name: _____
Beneficiary Account Number: _____
Reference: _____

If payment by check:

Made payable to: [BORROWER 3'S NAME]

Mailed to: _____
_____
_____

Please notify your accounting department of this change. If you make payment to us in any manner other than as set forth above, such payment will not constitute settlement of the account. These instructions may not be modified or supplemented without written notice from Siena Lending Group LLC.

This authorization and directive shall be continuing and irrevocable until all of the Financing Agreements have been terminated and all obligations owing thereunder by us and our subsidiaries or affiliates have been paid in full in cash (other than unasserted contingent indemnification obligations).

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Very truly yours,

[BORROWER 3'S NAME]

By: _____
Name:
Title:

cc: Siena Lending Group LLC
9 W Broad Street, 5th Floor
Stamford, CT 06902
Attention: Steven Sanicola

Exhibit F

FORM OF COMPLIANCE CERTIFICATE

[Letterhead of Borrowing Agent]

To: Siena Lending Group LLC
9 W Broad Street, 5th Floor
Stamford, Connecticut 06902
Attention: Steven Sanicola

Re: Compliance Certificate dated _____

Ladies and Gentlemen:

Reference is made to that certain Debtor-in-Possession Loan and Security Agreement dated as of _____ __, 20__ (as amended, restated or otherwise modified from time to time, the "***Loan Agreement***") by and among Siena Lending Group LLC (together with its successors and assigns, "***Lender***"), Wordsworth Academy, a Pennsylvania non-profit corporation ("***Borrower 1***"), Wordsworth CUA 5, LLC, a Pennsylvania limited liability company ("***Borrower 2***") and Wordsworth CUA 10, LLC, a Pennsylvania limited liability company ("***Borrower 3***" and together with Borrower 1 and Borrower 2, individually and collectively as the context may require, "***Borrower***"). Capitalized terms used in this Compliance Certificate have the meanings set forth in the Loan Agreement unless specifically defined herein.

Pursuant to Section 5.15 of the Loan Agreement, the undersigned Authorized Officer of Borrowing Agent, on behalf of the Borrower, hereby certifies (solely in his capacity as an officer of Borrowing Agent and not in his individual capacity) that:

1. The financial statements of Borrower for the ___ -month period ending _____ attached hereto have been prepared in accordance with GAAP, and fairly present the financial condition of Borrower for the periods and as of the dates specified therein.

2. As of the date hereof, there does not exist any Default or Event of Default.

IN WITNESS WHEREOF, this Compliance Certificate is executed by the undersigned Authorized Officer this ____ day of _____, _____.

WORDSWORTH ACADEMY

By: _____
Name:
Title:

Exhibit G

FORM OF MONTHLY FINANCIAL MODEL

[See attached]

Exhibit H

BUDGET

[See attached]