UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 21, 2010

NeuMedia, Inc.
(Exact name of registrant as specified in its charter)

Delaware	00-10039	22-2267658
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2000 Avenue of the Stars, Suite 410
Los Angeles, CA 90067
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (310) 601-2500

(Former name or former address, if changed since last report)

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

As previously disclosed, on May 10, 2010, Twistbox Entertainment, Inc. ("Twistbox"), a wholly owned subsidiary of NeuMedia, Inc. (the "Company"), received from ValueAct SmallCap Master Fund, L.P. ("VAC") a Notice of Event of Default and Acceleration ("Notice"). In the Notice, VAC stated that an event of default occurred under that certain Senior Secured Note, as amended, in favor of VAC dated July 30, 2007 and due July 31, 2010 (the "VAC Note") as a result of Twistbox's and the Company's failure to comply with the cash balance covenant under the VAC Note and, therefore, VAC accelerated all outstanding amounts payable by Twistbox under the VAC Note. The VAC Note was secured by, among other things, the assets of AMV Holding Limited, a wholly owned subsidiary of the Company ("AMV"), which was also a guarantor of the Note. In connection with the Notice, VAC instituted an administration proceeding in the United Kingdom against AMV.

On June 21, 2010, the Company signed and closed the transactions contemplated by a binding agreement (the "Agreement") with VAC, Jonathan Cresswell ("Cresswell"), Nathaniel MacLeitch (including in his capacity as Trustee for the AMV Founders under the AMV Note (each as defined below) "MacLeitch"), Robert Ellin ("Ellin"), Trinad Management, LLC ("Trinad Management") and Trinad Capital Master Fund, Ltd. ("Trinad Fund" and together with Ellin and Trinad Management, the "Trinad Affiliates") and the Guber Family Trust ("Guber" and, together with the Trinad Affiliates, the "Lead Participating Investors") with regard to the (i) partial satisfaction of the VAC Note, and (ii) satisfaction of that certain Secured Promissory Note issued by NeuMedia and held by Cresswell, MacLeitch and certain other former shareholders of AMV (together with their affiliates the "AMV Founders"), as amended (the "AMV Note").

Sale of AMV

Pursuant to the Agreement, VAC and the AMV Founders, acting through a newly formed company ("NewCo"), acquired the operating subsidiaries of AMV (the "Assets") in exchange for the release of US$23 million of secured indebtedness (the "Sale"), comprising of a release of all amounts due and payable under the AMV Note and all of the amounts due and payable under the VAC Note except for US$3.5 million in principal. The Company retained all assets and liabilities of Twistbox and the Company other than the Assets.

In connection with the Sale and the other transactions contemplated by the Agreement and the transaction documents set forth in the Agreement (the "Restructure"), (i) the VAC Note (as amended and restated, the "Amended VAC Note"), (ii) that certain Guarantee and Security Agreement, dated as of June 30, 2007, by and among the Company, the subsidiary guarantors party thereto, the investors party thereto and VAC and (iii) that certain Guaranty, given as of February 12, 2008, by the Company to VAC (as amended and restated, the "Amended and Restated Guaranty"), were amended and restated in their entirety.

New Senior Secured Notes

In addition, for purposes of capitalizing the Company, the Company sold and issued US$2.5 million of Senior Secured Convertible Notes due June 21, 2013 of the Company (the "New Senior Secured Notes") to the Lead Participating Investors. The New Senior Secured Notes have a three year term and bear interest at a rate of 10% per annum payable in arrears semi-annually. Notwithstanding the foregoing, at any time on or prior to the 18th month following the original issue date of the New Senior Secured Notes, the Company may, at its option, in lieu of making any cash payment of interest, elect that the amount of any interest due and payable on any interest payment date on or prior to the 18th month following the original issue date of the New Senior Secured Notes be added to the principal due under the New Senior Secured Notes. The accrued and unpaid principal and interest due on the New Senior Secured Notes are convertible at any time at the election of the holder into shares of common stock of the Company at a conversion price of US$0.15 per share, subject to adjustment. The New Senior Secured Notes are secured by a first lien on substantially all of the assets of the Company and its subsidiaries pursuant to the terms of that certain Guarantee and Security Agreement, dated as of June 21, 2010, among Twistbox, the Company, each of the subsidiaries thereof party thereto, the investors party thereto and Trinad Management. The Amended VAC Note is subordinated to the New Senior Secured Notes pursuant to the terms of that certain Subordination Agreement, dated as of June 21, 2010, by and between Trinad Fund, and VAC, and each of the Company and Twistbox.

Each purchaser of a New Senior Secured Note also received a warrant ("Warrant") to purchase shares of common stock of the Company at an exercise price of US$0.25 per share, subject to adjustment. For each $50,000 of New Senior Secured Notes purchased, the purchaser received a Warrant to purchase 166,667 shares of common stock of the Company. Each Warrant has a five year term.

The New Senior Secured Notes and Warrants were sold and issued in a transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(2) of the Securities Act.

Under the Agreement, certain significant stockholders of the Company have the right to purchase up to an aggregate US$600,000 of the New Senior Secured Notes.

Other Agreements

In addition to the agreements described above, the Company has entered into certain other agreements in connection with the Restructure, including, without limitation, the following agreements:

- Mutual Release, dated as of June 13, 2010, among VAC, NewCo, MacLeitch, Cresswell, the Company, Twistbox, Peter Guber, Ellin, Paul Schaeffer, Adi McAbian, Ray Schaaf, Russell Burke, James Lefkowitz and Trinad Management, pursuant to which the parties released certain known and unknown claims which they may have against each other.

- Non-Competition Agreement, dated as of June 21, 2010, among the Company, NewCo, Cresswell and MacLeitch, pursuant to which NewCo, Cresswell and MacLietch covenanted to refrain from engaging in certain business activities involving Midstream Media International, N.V., or certain of its affiliates, for a three year period, subject to earlier termination under certain circumstances.

- Letter Agreement, dated as of June 21, 2010, between VAC, the Company, Ellin and Trinad Management, pursuant to which the parties agreed as follows:

    - If (i) an Insolvency Event (as defined therein) with respect to the Company or its subsidiaries occurs, (ii) the Company is in material default under the Amended and Restated Guaranty, which default has not been cured after any applicable cure period, or (iii) Twistbox is in material default under the Amended VAC Note, which default has not been cured after any applicable cure period, then Ellin will immediately resign from all positions as an officer or director of the Company or any of its subsidiaries and shall not thereafter serve as an officer or director of the Company or any of its subsidiaries until such time as the Amended VAC Note has been paid in full.

- Until such time as the Amended VAC Note has been repaid in cash in full, Trinad Management, shall not elect to treat (nor accept any liquidation preference or other payment in connection with) any of the following transactions as a dissolution or winding up of the Company for purposes of Section 5 of the Certificate of Incorporation of the Company (and the Company will not pay Trinad Management any liquidation preference or other payment in connection with): (i) any conversion of all or any portion of any New Senior Secured Note into common stock of the Company; (ii) the exercise of any Warrant and the issuance of any shares of capital stock of the Company in respect of such exercise, (iii) the issuance of any capital stock or options, rights or warrants to purchase capital stock of the Company to Ellin, Trinad Management, Peter Guber, Paul Schaeffer or any of their respective affiliates.

- The Company shall use best efforts to obtain all necessary consents and shareholder approvals to, not later than September 21, 2010, amend Section 5 of the Certificate of Incorporation of the Company to provide that the transactions described in the immediately preceding paragraph shall not be treated as a dissolution or winding up of the Company (the "Charter Amendment"). Trinad Management and Ellin shall cause to be voted all shares of capital stock held by them in favor of such amendment.

- Until such time as the Amended VAC Note has been repaid in cash in full, none of Ellin, Trinad Management or the Company shall recommend or approve any amendment, modification or waiver of the Certificate of Incorporation of the Company if such action would result in (i) any change in the economic or other rights, preferences or privileges of the Series A Preferred Stock of the Company or (ii) the creation or issuance of any capital stock of the Company other than common stock or preferred stock that has no cash dividend or payment required to be made.

- Until such time as the Amended VAC Note has been repaid in cash in full, the Company shall not issue any additional shares of Series A Preferred Stock.

- Until the earlier of the effective date of the Charter Amendment and such time as the Amended VAC Note has been repaid in cash in full, Trinad Management shall not sell, encumber, mortgage, hypothecate, assign, pledge transfer or otherwise dispose of, directly or indirectly, any shares of Series A Preferred Stock of the Company held by Trinad Management as of June 21, 2010; provided however, this shall not prohibit conversion of the Series A Preferred Stock into common stock of the Company.

The above descriptions of the agreements relating to the Restructure and the transactions contemplated therein do not purport to be complete and are qualified in their entirety by reference to the full texts of the agreements attached hereto as exhibits.

Item 1.02. Termination of a Material Definitive Agreement

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

Item 2.01. Completion of Acquisition or Disposition of Assets

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

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

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

Item 3.02. Unregistered Sales of Equity Securities

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
4.1	Form of Warrant
10.1	Agreement, dated as of June 21, 2010, between ValueAct SmallCap Master Fund, L.P., NeuMedia, Inc., Jonathan Cresswell, Nathaniel MacLeitch, Robert Ellin, Trinad Management, LLC, Trinad Capital Master Fund, Ltd. and the Guber Family Trust.
10.2	Mutual Release, dated as of June 21, 2010, among ValueAct SmallCap Master Fund, L.P., Antiphony (Management Holdings) Limited, Nathaniel MacLeitch, Jonathan Cresswell, NeuMedia, Inc., Twistbox Entertainment, Inc., Peter Guber, Robert Ellin, Paul Schaeffer, Adi McAbian, Richard Spitz, Ray Schaaf, Keith McCurdy, Russell Burke, James Lefkowitz and Trinad Management.
10.3	Subordination Agreement, dated as of June 21, 2010, by and between Trinad Capital Master Fund, Ltd., and ValueAct SmallCap Master Fund, L.P., and each of NeuMedia, Inc. and Twistbox Entertainment, Inc.
10.4	Deed Poll Release, dated as of June 21, 2010, between NeuMedia, Inc., Twistbox Entertainment, Inc., James Lefkowitz and Russell Burke.
10.5	Non-Competition Agreement, dated as of June 21, 2010, among NeuMedia, Inc., Antiphony (Management Holdings) Limited, Jack Cresswell and Nate MacLeitch.

10.6	Earn-Out Termination Letter Agreement, dated as of June 21, 2010, among ValueAct SmallCap Master Fund, L.P., NeuMedia, Inc., Jonathan Cresswell, Nathaniel MacLeitch and certain other parties.
10.7	Amended and Restated Senior Subordinated Secured Note due June 21, 2013, by Twistbox Entertainment, Inc. in favor of ValueAct SmallCap Master Fund, L.P.
10.8	Amended and Restated Guaranty, dated as of June 21, 2010, by NeuMedia, Inc. to ValueAct SmallCap Master Fund, L.P.
10.9	Letter Agreement, dated as of June 21, 2010, between ValueAct SmallCap Master Fund, L.P., NeuMedia, Inc., Rob Ellin and Trinad Management, LLC.
10.10	Amended and Restated Guarantee and Security Agreement, dated as of June 21, 2010, among Twistbox Entertainment, Inc., NeuMedia, Inc. and each of its subsidiaries identified on Schedule I as being a subsidiary guarantor, the investors party thereto and ValueAct SmallCap Master Fund, L.P.
10.11	Form of Senior Secured Convertible Note due June 21, 2013
10.12	Guarantee and Security Agreement, dated as of June 21, 2010, among Twistbox Entertainment, Inc., NeuMedia, Inc., each of the subsidiaries thereof party thereto, the investors party thereto and Trinad Capital Management, LLC.

SIGNATURES

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

NeuMedia, Inc.

Date: June 22, 2010

By: /s/ Ray Schaaf
Ray Schaaf
President

NEUMEDIA, INC.

WARRANT TO PURCHASE COMMON STOCK

THE OFFER AND SALE OF THE SECURITIES EVIDENCED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR QUALIFIED UNDER STATE SECURITIES LAWS, AND THEREFORE SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND EFFECTIVE QUALIFICATION THEREOF UNDER APPLICABLE STATE SECURITIES LAWS, OR IF SUCH SALE, TRANSFER, ASSIGNMENT, HYPOTHECATION OR OTHER TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE QUALIFICATION REQUIREMENTS OF THE RELEVANT STATE SECURITIES LAWS.

FOR VALUE RECEIVED, _____ (the "Holder") is entitled to purchase, from time to time, from NeuMedia, Inc., a Delaware corporation (the "Company"), fully paid and non-assessable shares of common stock of the Company, par value $0.0001 per share (each, a "Share" and collectively, the "Shares"), commencing on the date set forth on the signature page hereof (the "Commencement Date"), on the terms and conditions set forth herein.

1. Number of Shares; Vesting; Strike Price and Expiration Date.

(a) This Warrant may be exercised for _____ Shares.

(b) The right to exercise this Warrant shall fully vest on the Commencement Date.

(c) As used herein, the "Strike Price" means $0.25 per Share, as such prices may be adjusted from time to time pursuant to the terms hereof.

(d) All purchase rights represented by this Warrant shall terminate at 5:00 p.m. PDT on the fifth anniversary of the Commencement Date (the "Expiration Date"). To the extent that this Warrant has not been exercised before the Expiration Date, this Warrant shall become null and void and all rights hereunder and all rights in respect hereof shall cease as of the Expiration Date.

2. Exercise and Payment.

(a) Exercise. This Warrant may be exercised in whole or in part, from time to time, by the Holder by surrender of this Warrant (and the Notice of Exercise annexed hereto duly completed and executed by the Holder) to the Company at the principal executive office of the Company, together with payment in the amount obtained by multiplying the Strike Price then in effect by the number of Shares to be purchased (as designated in the Notice of Exercise). Payment must be by wire transfer of immediately available funds.

(b) Net Issue Exercise. In lieu of exercising this Warrant in accordance with Section 2(a), the Holder may elect a net issue exercise in accordance with this Section 2(b). In the event the Holder elects a net issue exercise pursuant to this Section 2(b), the Company shall deliver Shares in exchange for this Warrant, with the amount of the number of Shares determined in accordance with this Section 2(b). The Holder may elect a net issue exercise by surrendering this Warrant (and the Notice of Exercise annexed hereto duly completed and executed by the Holder) to the Company at the principal executive office of the Company.

If in the Notice of Exercise the Holder elects a net issue exercise, then the Company shall issue to the Holder a number of Shares computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

Where	X	=	the number of Shares to be issued to the Holder.
	Y	=	the number of Shares then purchasable under this Warrant designated in the Notice of Exercise.
	A	=	the then current Fair Value of the Shares.
	B	=	the then current Strike Price.

As used in this Warrant, "Fair Value" shall mean, on any date specified herein (i) in the case of cash, the dollar amount thereof, (ii) in the case of a security listed on a national securities exchange, the Current Market Price, and (iii) in all other cases, the fair value thereof (as of a date which is within 20 days of the date as of which the determination is to be made) determined in good faith by a majority of the disinterested members of the Board of Directors of the Company; provided, however, that if the Initial Holder (defined below) does not agree with a majority of the disinterested members of the Board of Directors' determination of Fair Value, the Fair Value shall be determined in good faith, by an independent investment banking firm selected jointly by the Company and the Initial Holder or, if that selection cannot be made within ten days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules, and provided further, that the Initial Holder shall pay the fees and expenses of any third parties incurred in connection with determining the Fair Value in the event the independent investment banking firm's determination of Fair Value is equal to or less than the Fair Value as determined by a majority of the disinterested members of the Board of Directors, and the Company shall pay such fees and expenses in the event the independent investment banking firm's determination of Fair Value is greater than the Fair Value as determined by a majority of the disinterested members of the Board of Directors. As used in this Section 2(b), "Current Market Price" shall mean, the volume-weighted average closing price of the Shares for the five trading days immediately preceding the date as of which the determination is to be made. As used in this Warrant, the "Initial Holder" shall mean _____, who, for the avoidance of doubt, is also referred to in this Warrant as, a "Holder."

(c) Automatic Net Issuance Immediately Prior to Expiration. Notwithstanding anything herein to the contrary, if immediately prior to the Expiration Date the net issue exercise of this Warrant pursuant to Section 2(b) would result in Shares being due to the Holder, then to the extent not previously exercised by the Holder, this Warrant shall be deemed automatically exercised immediately prior to 5:00 p.m. PDT on the Expiration Date by the Holder via a net issue exercise pursuant to Section 2(b) for the maximum number of Shares then purchasable under this Warrant; provided, that the Holder must deliver a Notice of Exercise (accompanied by this Warrant certificate) to the Company within two months of the Expiration Date and, in the event such Notice of Exercise (accompanied by this Warrant certificate) is not delivered within two months of the Expiration Date, the automatic exercise of this Warrant pursuant to this Section 2(c) will not occur and this Warrant shall be null and void.

3. Delivery of Certificates. In the event the Holder exercises this Warrant for Shares pursuant to Section 2(a), or pursuant to Section 2(b) or Section 2(c) and the Company elects to deliver Shares, this Warrant shall be deemed to have been exercised and the Holder shall be deemed to have become the holder of record of such Shares as of the date of the surrender of this Warrant certificate to the Company, and in the case of an exercise pursuant to Section 2(a), payment of the Strike Price to the Company. Within a reasonable period of time after exercise, in whole or in part, of this Warrant pursuant to Section 2(a), or Section 2(b) or Section 2(c) where the Company elects to deliver Shares, the Company shall issue in the name of and deliver to the Holder a certificate for the number of fully paid and non-assessable Shares that the Holder shall have requested in the Notice of Exercise, or the number of Shares calculated pursuant to Section 2(b) in the event the Holder elects a net issue exercise in the Notice of Exercise and the Company elects to deliver Shares, up to the maximum then available hereunder. If this Warrant is exercised in part, the Company shall deliver to the Holder a new Warrant for the unexercised portion of this Warrant at the time of delivery of such certificate for the Shares.

4. No Fractional Shares. No fractional Shares or scrip representing fractional Shares will be issued upon exercise of this Warrant. If upon any exercise of this Warrant a fraction of a Share results, the Company will pay the Holder the difference between the cash value of the fractional Share and the portion of the Strike Price allocable to the fractional Share.

5. Charges, Taxes and Expenses. The Holder shall pay all taxes or other incidental charges, if any, in connection with (i) the transfer from the Company to the Holder of the Shares purchased pursuant to the exercise hereof, and (ii) the transfer from the Initial Holder to a Permitted Transferee (or any other transfer by the Initial Holder or a Holder to which the Company consents in writing) of all or any portion of this Warrant in accordance with Section 14(g) of this Warrant.

6. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft or destruction of this Warrant, of indemnity or security reasonably satisfactory to the Company, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor, dated as of such date as the foregoing conditions have been satisfied in the event of loss, theft or destruction, or the surrender date in the event of mutilation, in lieu of this Warrant.

7. Saturdays, Sundays, Holidays, Etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or a holiday observed by The New York Stock Exchange (the "NYSE"), then such action may be taken or such right may be exercised on the next succeeding weekday which is not a holiday observed by the NYSE.

8. Adjustment of Strike Price and Number of Shares. The number of and kind of securities purchasable upon exercise of this Warrant and the Strike Price shall be subject to adjustment from time to time as follows:

(a) Subdivisions and Combinations. If the Company shall at any time after the date hereof, but prior to the expiration of this Warrant, subdivide its outstanding securities as to which purchase rights under this Warrant exist, by split-up or otherwise, or combine its outstanding securities as to which purchase rights under this Warrant exist, the number of Shares as to which this Warrant is exercisable as of the date of such subdivision or combination shall forthwith be proportionately increased in the case of a subdivision or proportionately decreased in the case of a combination. Appropriate corresponding adjustments shall also be made to the Strike Price, so that the aggregate purchase price payable for the total number of Shares purchasable under this Warrant as of such date shall remain the same.

(b) Reclassification, Etc. Except as specifically provided for in Section 8(c) below, if at any time after the date hereof there shall be a change, reorganization or reclassification of the Shares into which this Warrant is exercisable into the same or a different number of a different type or class of securities, then the Holder shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Strike Price then in effect, the number of shares of other securities or property resulting from such change, reorganization or reclassification that would have been received by the Holder for the Shares subject to this Warrant had this Warrant been exercised immediately prior to the time of the reclassification.

(c) Consolidation, Merger or Sale. If the Company shall do any of the following (each, a "Triggering Event"): (i) consolidate with or merge into any other entity and the Company shall not be the continuing or surviving corporation of such consolidation or merger, or (ii) permit any other entity to consolidate with or merge into the Company and the Company shall be the continuing or surviving entity but, in connection with such consolidation or merger, the capital stock of the Company shall be changed into or exchanged for securities of any other entity or cash or any other property, or (iii) transfer all or substantially all of its properties or assets to any other person or entity, then, and in the case of each such Triggering Event, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the Holder of this Warrant shall be entitled upon the exercise hereof at any time after the consummation of such Triggering Event but prior to the Expiration Date, and to the extent this Warrant is not exercised prior to such Triggering Event, to receive at the Strike Price in effect at the time immediately prior to the consummation of such Triggering Event (subject to adjustments (subsequent to such Triggering Event) as nearly equivalent as possible to the adjustments provided for elsewhere in this Section 8), in lieu of the Shares issuable upon exercise of this Warrant prior to such Triggering Event, the securities, cash and/or property to which such Holder would have been entitled upon the consummation of such Triggering Event if such Holder had exercised the rights represented by this Warrant immediately prior thereto (and the Company shall select the form of consideration, to the extent applicable, received by the Holder upon exercise of this Warrant subsequent to such Triggering Event), subject to adjustments (subsequent to such Triggering Event) as nearly equivalent as possible to the adjustments provided for elsewhere in this Section 8.

(d) Extraordinary Distributions. Except as specifically provided for in Section 8(c) above, if the Company shall distribute to all holders of its Shares: (i) any shares of capital stock of the Company, evidence of indebtedness, or other securities or rights convertible into shares of capital stock of the Company (but excluding Ordinary Dividends) without receiving payment of any consideration in exchange therefor, or (ii) cash (but excluding Ordinary Dividends), then, in each such case:

(i) the Strike Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of any class of securities entitled to receive such distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Strike Price by a fraction

(x) the numerator of which shall be the Fair Value of a Share in effect on such record date or, if the Shares trade on an ex-distribution basis, on the date prior to the commencement of ex-distribution trading, less the Fair Value of such distribution applicable to one Share, and

(y) the denominator of which shall be the Fair Value of a Share in effect on such record date or, if the Shares trade on an ex-distribution basis, on the date prior to the commencement of ex-distribution trading;

and

(ii) this Warrant shall thereafter evidence the right to receive, at the adjusted Strike Price, that number of Shares (calculated to the nearest Share) obtained by dividing:

(x) the product of the aggregate number of Shares covered by this Warrant immediately prior to such adjustment and the Strike Price in effect immediately prior to such adjustment of the Strike Price by,

(y) the Strike Price in effect immediately after such adjustment of the Strike Price.

As used herein "Ordinary Dividends" shall mean all quarterly dividends, whether paid in cash, shares of capital stock of the Company or other securities, or any combination of the foregoing, except extraordinary or special dividends.

9. Notices of Adjustments, Etc. Whenever the Strike Price or number of Shares purchasable hereunder shall be adjusted pursuant to Section 8 hereof, within five business days of the event requiring the adjustment, the Company shall deliver to the Holder (in accordance with Section 14(c)) a certificate setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the Strike Price and number of shares purchasable hereunder after giving effect to such adjustment.

10. No Rights as Stockholder. Prior to exercise of this Warrant, the Holder shall not be entitled to any rights as a stockholder of the Company with respect to the Shares, including (without limitation) the right to vote such Shares, receive distributions thereon, or be notified of stockholder meetings, and the Holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company.

11. Shares Fully Paid, Reservation and Listing of Shares; Covenants.

(a) Shares Fully Paid. The Company covenants and agrees that all Shares which may be issued upon the exercise of this Warrant or otherwise hereunder will, upon issuance, be duly authorized, validly issued, fully paid and non-assessable. The Company further covenants and agrees that during the period within which this Warrant may be exercised, the Company will at all times have authorized and reserved for the purpose of the issue upon exercise of this Warrant a number of Shares equal to 100% of the aggregate number of Shares exercisable hereunder to provide for the exercise of this Warrant.

(b) Covenants. The Company shall not by any action including, without limitation, amending the Articles of Incorporation or the Bylaws of the Company, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant.

12. Restricted Securities. The Holder understands that this Warrant and the Shares purchasable hereunder constitute "restricted securities" under the federal securities laws inasmuch as they are, or will be, acquired from the Company in transactions not involving a public offering and accordingly may not, under such laws and applicable regulations, be resold without registration under the Act, or an applicable exemption from such registration. The Holder hereby acknowledges that the securities legend on Exhibit A to the Notice of Exercise attached hereto will be placed on any Shares issued to the Holder upon exercise of this Warrant.

13. Certification of Investment Purpose. Unless a current registration statement under the Act shall be in effect with respect to the securities to be issued upon exercise of this Warrant, in which case the Holder may be asked to provide a modified version of the written certification attached hereto, the Holder covenants and agrees that, at the time of exercise hereof, it will deliver to the Company a written certification in substantially the form of Exhibit A to the Notice of Exercise attached hereto, executed by the Holder, which certifies to the Company that the Holder is an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated under the Act, that the securities acquired by such Holder upon exercise hereof are for the account of such Holder and acquired for investment purposes only and that such securities are not acquired with a view to, or for sale or resale in connection with, any distribution thereof.

14. Miscellaneous.

(a) Construction. Unless the context indicates otherwise, the term "Warrant" shall include any and all warrants outstanding pursuant to this Agreement, including those evidenced by a certificate upon exchange or substitution pursuant to the terms hereof.

(b) Restrictions. By receipt of this Warrant, the Holder makes the same representations and warranties with respect to the acquisition of this Warrant as the Holder is required to make upon the exercise of this Warrant and acquisition of the Shares purchasable hereunder as set forth in the Form of Investment Letter attached as Exhibit A to the Notice of Exercise, the forms of which are attached hereto as Exhibit A.

(c) Notices. Unless otherwise provided, any notice required or permitted under this Warrant shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified or three days following deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified (or one day following timely deposit with a reputable overnight courier with next day delivery instructions), or upon confirmation of receipt by the sender of any notice by facsimile transmission, at the address indicated below or at such other address as such party may designate by ten days' advance written notice to the other party.

To Holder: _____
_____
_____
_____

To the Company: NeuMedia, Inc.
2000 Avenue of the Stars, Suite 410
Los Angeles, California 90067-5075
Attention: Chief Financial Officer

With a copy to: Manatt, Phelps & Phillips, LLP
11355 West Olympic Boulevard
Los Angeles, California 90064
Attention: Richard J. Maire, Esq.
Facsimile: (310) 312-4224

(d) Governing Law. Any dispute in the meaning, effect or validity of this Warrant shall be resolved in accordance with the laws of the State of Delaware without regard to the conflict of laws provisions thereof.

(e) Attorneys' Fees. In the event that any suit or action is instituted under or in relation to this Warrant, including without limitation to enforce any provision in this Warrant, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Warrant, including, without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

(f) Entire Agreement. This Warrant and the exhibits hereto constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements and understandings, whether oral or written, between the parties hereto with respect to the subject matter hereof.

(g) Binding Effect; and Assignment.

(i) This Warrant and the various rights and obligations arising hereunder shall inure to the benefit of and be binding upon the Company and its successors and assigns, and the Holder and its successors and permitted assigns.

(ii) The Holder may not sell, assign or otherwise transfer this Warrant or its rights or obligations hereunder without the express written consent of the Company, which consent may be withheld, delayed or conditioned in the sole and absolute discretion of the Company.

(iii) Notwithstanding anything herein to the contrary, the Initial Holder, and only the Initial Holder with respect to (1) and (2) below, may assign or transfer this Warrant, without the consent of the Company, following at least ten business days prior written notice by the Initial Holder to the Company, which written notice shall be accompanied by a legal opinion reasonably satisfactory to the Company issued by legal counsel to the Initial Holder reasonably acceptable to the Company, to the effect that such transfer or assignment may be effected without registration or qualification under any U.S. federal and state laws and applicable foreign laws then in effect: (1) in whole or in part to any Affiliate of the Initial Holder and any of such Affiliate's respective stockholders, partners, limited partners, members or other equity owners; or (2) in whole, and not in part, to any one unrelated third party (each of (1) and (2), a "Permitted Transferee"). Any Permitted Transferee shall be deemed to be a Holder for all purposes hereunder and in no event shall a Permitted Transferee be deemed to be the "Initial Holder" or have the power or authority to exercise any of the rights granted to the Initial Holder. As used in this Section 14(g)(iii), "Affiliate" shall mean, with respect to any person or entity, a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by or under common control with such person or entity.

(iv) Subject to the provisions of Section 14, this Warrant and all rights hereunder are transferable upon surrender of this Warrant certificate with a properly executed assignment (in the form of Exhibit B hereto) at the principal executive office of the Company. The assignment of a Warrant to a transferee hereof shall be deemed to be the acceptance by such transferee of all of the rights and obligations of a "Holder" of this Warrant.

(h) Waiver; Consent. This Warrant may not be changed, amended, terminated, augmented, rescinded or discharged (other than by performance), in whole or in part, except by a writing executed by the parties hereto, and no waiver of any of the provisions or conditions of this Warrant or any of the rights of a party hereto shall be effective or binding unless such waiver shall be in writing and signed by the party claimed to have given or consented thereto.

(i) Company Determinations. Any determination, selection or adjustment to the Strike Price or the number of Shares to be issued upon exercise of the Warrant to be made by the Company hereunder shall be made by majority of the disinterested directors of the Board of Directors of the Company.

[Remainder of the Page is Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Warrant effective as of the date set forth below.

DATED: _____, 2010

COMPANY

NeuMedia, Inc.,
a Delaware corporation

By: _____
Name: _____
Title: _____

HOLDER

_____

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE OF EXERCISE

To: NeuMedia, Inc.

[EXERCISE PURSUANT TO SECTION 2(a)][The Holder hereby elects to purchase _____ Shares of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the Strike Price pursuant to the terms of the Warrant.]

[NET ISSUE EXERCISE PURSUANT TO SECTION 2(b)][The Holder hereby elects to surrender _____ of the Shares of the Company underlying the attached Warrant pursuant to the terms of the attached Warrant, and hereby agrees to accept in exchange therefor Shares in the amount calculated pursuant to the terms of the Warrant.]

Defined terms used herein and not defined herein shall have the meaning ascribed to them in the Warrant.

Attached as Exhibit A is an investment representation letter addressed to the Company and executed by the Holder as required by Section 13 of the Warrant.

Please issue a new Warrant for the unexercised portion of the attached Warrant, if any, in the name of the Holder.

Dated: _____ **HOLDER**

_____

Name: _____

Title: _____

Exhibit A

To: NeuMedia, Inc.

In connection with the purchase by the Holder of _____ Shares of the Company, upon exercise of that certain Warrant dated as of _____ ___, 2010, the Holder hereby represents and warrants as follows:

The Holder is an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated under the Act. The Shares to be received by the Holder upon exercise of the Warrant are being acquired for its own account, not as a nominee or agent, and not with a view to resale (except to the extent exempt from the registration requirements of the Act and the qualification requirements of the relevant state securities laws) or distribution of any part thereof, and the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. The Holder believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Shares.

The Holder understands that the Shares are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in transactions not involving a public offering, and that under such laws and applicable regulations such securities may be resold without registration under the Act, only in certain limited circumstances. In this connection, the Holder represents and warrants that it is familiar with Rule 144 of the Act, as presently in effect, and understands the resale limitations imposed by Rule 144 and by the Act.

The Holder understands the instruments evidencing the Shares may bear the following legend:

THE OFFER AND SALE OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR QUALIFIED UNDER STATE SECURITIES LAWS, AND THEREFORE SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND EFFECTIVE QUALIFICATION THEREOF UNDER APPLICABLE STATE SECURITIES LAWS, OR IF SUCH SALE, TRANSFER, ASSIGNMENT, HYPOTHECATION OR OTHER TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE QUALIFICATION REQUIREMENTS OF THE RELEVANT STATE SECURITIES LAWS.

Defined terms used herein and not defined herein shall have the meaning ascribed to them in the Warrant.

Dated: _____

HOLDER

_____

Name: _____

Title: _____

EXHIBIT B

ASSIGNMENT FORM

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers all of the rights of the undersigned under the attached Warrant with respect to the number of Shares of the Company underlying the attached Warrant covered thereby and designated below, unto:

Name of "Assignee"	Address	No. of Shares

Dated: _____

Signature: _____

Name: _____

Title: _____

(if applicable)

Assignee hereby agrees to be subject to and bound by all of the provisions of the attached Warrant as the "Holder." The Assignee understands and hereby acknowledges that as a Holder of the Warrant the Assignee is not entitled to those rights afforded solely to the Initial Holder of the Warrant. The Assignee makes the same representations and warranties with respect to the acquisition of the Warrant as the Holder is required to make upon the exercise of a Warrant and acquisition of the Shares purchasable thereunder as set forth in the Form of Investment Letter attached as Exhibit A to the Notice of Exercise, the form of which is attached as Exhibit A to the attached Warrant.

Dated: _____

Signature: _____

Name: _____

Title: _____

(if applicable)

ValueAct SmallCap Master Fund, L.P.
435 Pacific Avenue, Fourth Floor
San Francisco, CA 94133

June 21, 2010

NeuMedia, Inc.
2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

Trinad Management, LLC
2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

Attention: Rob Ellin

Rob Ellin
2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

Re: NeuMedia Restructuring

Gentlemen:

Reference is made to that certain Letter Agreement, dated as of the date hereof (the "**Restructuring Agreement**"), between ValueAct SmallCap Master Fund, L.P. ("**VAC**"), NeuMedia, Inc., formerly known as Mandalay Media, Inc. ("**NeuMedia**"), Jonathan Cresswell, Nathaniel MacLeitch and the other parties thereto. Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to such terms by the Restructuring Agreement.

In partial consideration of the direct and/or indirect benefits received by each party hereto pursuant to the Restructuring Agreement and as part of the transactions contemplated thereby, the parties hereto agree as follows:

(a) If (i) an Insolvency Event (as defined below) occurs, (ii) NeuMedia is in material default under the Amended and Restated Guaranty, which default has not been cured after any applicable cure period, or (iii) Twistbox Entertainment, Inc. is in material default under the Amended VAC Note, which default has not been cured after any applicable cure period, then Rob Ellin will immediately resign from all positions as an officer or director of NeuMedia and any of its subsidiaries and shall not thereafter serve as an officer or director of NeuMedia or any of its subsidiaries until such time as the Amended VAC Note has been repaid in full.

(b) Until such time as the Amended VAC Note has been repaid in cash in full, Trinad Management, LLC ("**Trinad**") shall not elect to treat (nor accept any liquidation preference or other payment in connection with) any of the following transactions as a dissolution or winding up of NeuMedia for purposes of Section 5 of the Certificate of Incorporation of NeuMedia (and NeuMedia will not pay Trinad any liquidation preference or other payment in connection with): (i) any conversion of all or any portion of any New Senior Note into common stock of NeuMedia; (ii) the exercise of any Warrant Agreement and the issuance of shares of capital stock of NeuMedia in respect of such exercise; (iii) the issuance of any capital stock or options, rights or warrants to purchase capital stock of NeuMedia to Rob Ellin, Trinad, Peter Guber, Paul Schaeffer or any of their respective affiliates.

(c) NeuMedia shall use best efforts to obtain all necessary consents and shareholder approvals, including recommending an amendment to the Certificate of Incorporation of NeuMedia, to, no later than three months following the date hereof, amend Section 5 of the Certificate of Incorporation of NeuMedia to provide that each of the transactions described under paragraph (b) shall not be treated as a dissolution or winding up of NeuMedia for purposes thereof the ("**Charter Amendment**"). Trinad and Rob Ellin shall vote or cause to be voted all shares of capital stock of NeuMedia held by them at such time in favor of such an amendment.

(d) Until such time as the Amended VAC Note has been repaid in cash in full, none of Rob Ellin, Trinad nor NeuMedia shall recommend or approve any amendment, modification or waiver to the Certificate of Incorporation of NeuMedia if such amendment, modification or waiver would result in (i) any change in the economic or other rights, preferences or privileges of the Series A Preferred Stock, par value $0.0001 per share, of NeuMedia (the "**Series A Preferred Stock**") or (ii) the creation or issuance of any capital stock of NeuMedia other than common stock or preferred stock that has no cash dividend or payment required to be made, including any change of control, liquidation preference or similar payment.

(e) Until such time as the Amended VAC Note has been repaid in cash in full, NeuMedia shall not issue any additional shares of Series A Preferred Stock.

(f) Until the earlier of the effective date of the Charter Amendment and such time as the Amended VAC Note has been repaid in cash in full, Trinad shall not sell, encumber, mortgage, hypothecate, assign, pledge, transfer or otherwise dispose of, directly or indirectly, any shares of Series A Preferred Stock held by Trinad on the date hereof; provided, however, this shall not prohibit conversion of the Series A Preferred Stock into common stock of NeuMedia.

"**Insolvency Event**" means any event whereby NeuMedia or any of its subsidiaries shall be involved in financial difficulties as evidenced:

(i) by its commencement of a voluntary case under Title 11 of the United States Code as from time to time in effect, or by its authorizing, by appropriate proceedings of its Board of Directors or other governing body, the commencement of such a voluntary case;

(ii) by its filing an answer or other pleading admitting or failing to deny the material allegations of a petition filed against it commencing an involuntary case under said Title 11, or seeking, consenting to or acquiescing in the relief therein provided, or by its failing to controvert timely the material allegations of any such petition;

(iii) by the entry of an order for relief in any involuntary case commenced under said Title 11;

(iv) by its seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by its consenting to or acquiescing in such relief;

(v) by the entry of an order by a court of competent jurisdiction (i) by finding it to be bankrupt or insolvent, (ii) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of its creditors, or (iii) assuming custody of, or appointing a receiver or other custodian for all or a substantial part of its property and such order shall not be vacated or stayed on appeal or otherwise stayed within 60 days; or

(vi) by its making an assignment for the benefit of, or entering into a composition with, its creditors, or appointing or consenting to the appointment of a receiver or other custodian for all or a substantial part of its property.

Each party hereto hereby represents and warrants, severally and not jointly and solely as to itself and not as to any other party hereto, to each of the other parties hereto that (i) such party hereto has all requisite power and authority to execute and deliver this Letter Agreement and to perform its obligations hereunder and (ii) when this Letter Agreement is executed and delivered by such party, this Letter Agreement shall constitute the legal, valid and binding obligations of such party enforceable in accordance with their terms.

Trinad hereby represents and warrants that Trinad is the sole beneficiary of and holds, free and clear of any lien, 100,000 shares of Series A Preferred Stock, which constitute all of the issued and outstanding shares of Series A Preferred Stock.

This Letter Agreement and the Restructuring Agreement contain the entire understandings of the parties with respect to the subject matter of each such provision and supersede any prior agreement between the parties. This Letter Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

This Letter Agreement shall be governed by and construed in accordance with the internal, substantive laws of the State of Delaware.

The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Letter Agreement or the transactions contemplated hereby shall be brought exclusively in any Delaware State court in the City of Wilmington, or in the United States District Court for the District of Delaware, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of any process, summons, notice or document by U.S. registered mail to its address set forth on the signature page hereto shall be deemed effective service of process for any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Letter Agreement or the transactions contemplated hereby brought against such party in any such court as set forth in this paragraph.

Nothing in this Letter Agreement shall confer any rights, remedies or claims upon any person not a party or a permitted assignee of a party to this Letter Agreement

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Letter Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to seek an injunction or injunctions to prevent breaches of this Letter Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at law or in equity. Each party hereto agrees not to question or otherwise challenge the assertion or enforceability of this remedy, in and of itself, as described in this paragraph by any other party hereto.

[Remainder of page intentionally left blank.]

Please indicate your acceptance of the above terms and conditions by executing and returning the enclosed copy of this letter to us at your first opportunity.

Very truly yours,

VALUEACT SMALLCAP MASTER FUND, L.P.

By: _____
Name:
Title:
Address: 435 Pacific Avenue, Fourth Floor
San Francisco, CA 94133

This Letter Agreement sets forth our understanding of the transactions contemplated herein and related matters.

NEUMEDIA, INC.

By: _____
Name:
Title:
Address: 2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

TRINAD MANAGEMENT, LLC

By: _____
Name:
Title:
Address: 2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

_____
Rob Ellin
Address: 2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

EXECUTION COPY

MUTUAL RELEASE AGREEMENT

MUTUAL RELEASE (this "Mutual Release"), dated as of June 21, 2010 and effective as of the Closing (as defined under the Letter Agreement (as defined below)), among ValueAct SmallCap Master Fund, L.P., a limited partnership organized under the laws of the British Virgin Islands ("VAC"), Antiphony (Management Holdings) Limited, a private limited company organized under the laws of England and Wales ("Newco"), Nathaniel MacLeitch ("MacLeitch"), Jonathan Cresswell ("Cresswell" and, together with VAC, Newco and MacLeitch, the "VAC/AMV Founders Parties"), NeuMedia, Inc., a Delaware corporation (f/k/a Mandalay Media, Inc.) ("NeuMedia"), Twistbox Entertainment, Inc., a Delaware corporation ("Twistbox"), each of Peter Guber, Robert Ellin, Paul Schaeffer, Adi McAbian, Richard Spitz, Ray Schaaf, Keith McCurdy, Russell Burke and James Lefkowitz (collectively, the "NeuMedia/AMV Directors"), and Trinad Management, LLC, a Delaware limited liability company ("Trinad" and together with NeuMedia, Twistbox and the NeuMedia/AMV Directors, the "NeuMedia Parties") (each a "Party" and collectively, the "Parties").

WHEREAS, certain of the VAC/AMV Founders Parties, NeuMedia, an affiliate of Peter Guber and Trinad have entered into that certain Letter Agreement, dated as of the date hereof (the "Letter Agreement"); and

WHEREAS, as part of the transactions contemplated by the Letter Agreement and the other Transaction Documents, the Parties wish to release certain known and unknown claims which they may have against each other.

NOW, THEREFORE, in consideration of the promises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Letter Agreement.

2. Effectiveness. This Mutual Release shall become immediately and automatically effective without any further action by the Parties upon the Closing. In the event of a termination of the Letter Agreement pursuant to Section 10 of the Letter Agreement, this Mutual Release shall be void and of no force and effect *ab initio*.

3. Release by the VAC/AMV Founders Parties. In partial consideration of the benefits received by it/him pursuant to the Letter Agreement, each VAC/AMV Founders Party, on behalf of itself/himself and each of its/his respective Related Parties (as defined below) (collectively, the "VAC/AMV Founders Releasing Parties") hereby releases, acquits and forever discharge the NeuMedia Parties and their respective Related Parties (other than, in the case of NeuMedia, AMV and its subsidiaries and its and their respective directors, officers, employees, partners, equityholders, representatives, attorneys, financial advisors, accountants and other professional advisors and agents and each of its and their respective successors and assigns) (collectively, the "NeuMedia Released Parties") from any and all claims, obligations, suits, judgments, Damages, rights and causes of action whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise ("Claims"), based in whole or in part on any act, omission, transaction or occurrence from the beginning of time through the Closing arising from or relating to any aspect of the dealings or relationships between or among any VAC/AMV Founders Releasing Party, on the one hand, and any NeuMedia Released Party, on the other hand (the "Released Matters"); provided, however, that (x) nothing contained herein shall operate to release any NeuMedia Released Party from any act or omission that constitutes fraud and (y) the foregoing release shall not apply to any obligations arising under, in connection with or contemplated by the Letter Agreement or any other Transaction Document. "Related Parties" means, with respect to any Party, such Party's affiliates and its and their respective directors, officers, employees, partners, equityholders, representatives, attorneys, financial advisors, accountants and other professional advisors and agents and each of its and their respective successors and assigns.

4. Release by the NeuMedia Parties. In partial consideration of the direct and indirect benefits received by it/him pursuant to the Letter Agreement, each NeuMedia Party on behalf of itself/himself and each of its/his respective Related Parties (collectively, the "NeuMedia Releasing Parties") hereby releases, acquits and forever discharge the VAC/AMV Founders Parties and each of their respective Related Parties (collectively, the "VAC/AMV Founders Released Parties") from any and all Claims based in whole or in part on any Released Matters; provided, however, that (x) nothing contained herein shall operate to release any VAC/AMV Founders Released Party from any act or omission that constitutes fraud and (y) the foregoing release shall not apply to any obligations arising under, in connection with or contemplated by the Letter Agreement or any other Transaction Document.

5. Unknown Claims. The Parties are aware that they may hereafter discover claims or facts in addition to or different from those the Parties now know or believe to be true with respect to the matters addressed by this Mutual Release. Nevertheless, it is the intention of the VAC/AMV Founders Parties and the NeuMedia Parties, on behalf of themselves and their respected Related Parties, to fully, finally and forever settle and release all such matters, whether known or unknown, suspected or unsuspected, that now exist, may exist or heretofore have existed.

6. Letter Agreement. Notwithstanding anything in this Mutual Release to the contrary, nothing herein shall be deemed to release, waive, modify, amend or otherwise affect the rights, duties, obligations or liabilities of parties to the Letter Agreement.

7. Independent Counsel. The Parties have consulted with legal counsel prior to signing this Mutual Release, and execute this Mutual Release voluntarily, with the intention of fully and finally extinguishing the Released Matters.

8. No Benefit to Third Parties. Nothing in this Mutual Release, express or implied, is intended to confer upon any Person other than the VAC/AMV Founders Released Parties and the NeuMedia Released Parties (which are express third party beneficiaries hereof) or their respective successors or permitted assigns, any right or remedy under or by reason of this Mutual Release.

9. Further Assurances. Subject to the other provisions of this Mutual Release, the Parties hereto agree to execute, acknowledge and deliver such further documents, and do all such other acts and things, as may be required by law or as may be necessary, advisable or convenient to carry out the intent and purpose of this Mutual Release.

10. No Admission. Nothing contained herein shall be construed as an admission by any of the Parties of any liability of any kind to any of the other Parties or to any other Person, all such liability being expressly denied.

11. Amendment and Waiver. This Mutual Release may not be amended except by an instrument in writing signed on behalf of each of the Parties.

12. Governing Law. This Mutual Release shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of Delaware.

13. Jurisdiction; Service of Process. The Parties agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Mutual Release shall be brought exclusively in federal or state courts located in Wilmington, Delaware, and each of the Parties irrevocably submits to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. The Parties agree that any or all of them may file a copy of this Section 13 with any court as written evidence of the knowing, voluntary and bargained agreement among the Parties irrevocably to waive any objections to jurisdiction, venue or convenience of forum. Process in any proceeding referred to in this Section 13 may be served on any Party anywhere in the world and service via registered U.S. mail (or other equivalent) shall be deemed sufficient service in any such suit, action or proceeding.

14. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS MUTUAL RELEASE.

15. Headings. The section headings, titles and subtitles used in this Mutual Release are solely for convenience and shall not be used in interpreting this Mutual Release and shall not be construed in any way to limit, modify or affect the terms of this Mutual Release.

16. Counterparts. This Mutual Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Mutual Release by facsimile or PDF shall be effective as delivery of a manually executed counterpart to this Mutual Release.

17. Mutual Drafting. None of the Parties shall be considered the drafter of this Mutual Release for the purpose of any statue, case law or rule of interpretation or construction that would or might cause any provision to be construed against the drafter.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Mutual Release to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

VAC:

VALUEACT SMALLCAP MASTER FUND, L.P.

By: _____
Name:
Title:

MacLeitch

_____
Nathaniel MacLeitch

Cresswell:

_____
Jonathan Cresswell

NeuMedia:

NEUMEDIA, INC.

By: _____
Name:
Title:

Twistbox:

TWISTBOX ENTERTAINMENT, INC.

By: _____
Name:
Title:

NeuMedia/AMV Directors:

_____
Peter Guber

_____
Robert Ellin

_____
Paul Schaeffer

Adi McAbian

Richard Spitz

Ray Schaaf

Keith McCurdy

Russell Burke

James Lefkowitz

Trinad:

TRINAD MANAGEMENT, LLC

By: _____
Name:
Title:

Signature Page to Mutual Release Agreement

Newco:

ANTIPHONY (MANAGEMENT HOLDINGS) LIMITED

By: _____

Name: Allison Bennington
Title: Director

Signature Page to Mutual Release Agreement

SUBORDINATION AGREEMENT

This Subordination Agreement is made as of June 21, 2010, by and between TRINAD CAPITAL MASTER FUND, LTD., (together with its successors and assigns in such capacity, the "First Lien Agent"), having a business address at 2121 Avenue of the Stars, Suite 2550, Los Angeles, CA 90067, acting in its capacity as agent for the First Lien Creditors (as defined below) and VALUEACT SMALLCAP MASTER FUND, L.P., having a business address at 435 Pacific Avenue, 4th Floor, San Francisco, CA 94133 (together with its successors and assigns, "Subordinated Creditor"), and each of NeuMedia, Inc. (f/k/a Mandalay Media, Inc.), a Delaware corporation, with its principal place of business at 2121 Avenue of the Stars, Suite 2550, Los Angeles, CA 90067 ("First Lien Borrower") and Twistbox Entertainment, Inc., a Delaware corporation with its principal place of business at 14242 Ventura Boulevard, Third Floor, Sherman Oaks, CA 91423 and a wholly-owned subsidiary of First Lien Borrower ("Second Lien Borrower," and collectively, jointly or severally with the First Lien Borrower and any entity or person named at any time as an "Obligor" or "Subsidiary Guarantor" or otherwise obligated under the First Lien Documents or the Subordinated Debt Documents (as defined below), together with its respective successors and assigns, including any related receiver, trustee or debtor-in-possession, each an "Obligor" and collectively, the "Obligors").

Recitals

A. The First Lien Agent, as administrative agent and collateral agent for certain investors in the First Lien Borrower (together with their successors and assigns, the "First Lien Creditors") and the First Lien Creditors, have agreed to make loans in the aggregate original principal amount of $2,500,000 to be evidenced by one or more Senior Secured Notes (as amended and/or restated from time to time, the "First Lien Notes" and together with any documents and instruments evidencing, guaranteeing, securing or entered into in connection with the First Lien Debt, the "First Lien Documents") to be issued by the First Lien Borrower and secured by the Collateral (as defined below) pursuant to the terms of a letter agreement, dated as of June __, 2010, by and among Subordinated Creditor, First Lien Borrower, Jonathan Cresswell and Nathaniel MacLeitch (the "Letter Agreement").

B. Subordinated Creditor holds one or more secured promissory notes issued by Second Lien Borrower (as the same may be amended, restated and/or replaced with a "Amended VAC Note" as defined in and pursuant to the terms of the Letter Agreement, collectively, the "Subordinated Notes," and together with any documents and instruments evidencing, guaranteeing, securing or entered into in connection with the Subordinated Debt, in each case, as amended, restated, supplemented, modified, replaced, substituted or renewed from time to time, the "Subordinated Debt Documents") and all other amounts, obligations, and indebtedness of every kind, nature and description owing at any time by the First Lien Borrower, the Second Lien Borrower and/or any other Obligor to Subordinated Creditor under and pursuant to any of the Subordinated Debt Documents, including, without limitation, all interest accruing after the commencement by or against any Obligor of any Insolvency Proceeding with respect to such Obligor are referred to herein as the "Subordinated Debt."

C. In order to induce the First Lien Agent and the other First Lien Creditors to extend credit to First Lien Borrower, Subordinated Creditor is willing to subordinate: (i) the Subordinated Debt to the First Lien Debt (as defined in Section 2 hereof) and (ii) all of Subordinated Creditor's Liens, if any, to all of the Liens of the First Lien Agent in the Collateral (as defined below) as provided herein; and (iii) in accordance with Section 3, payment of the Subordinated Debt to the prior payment in full in cash of the First Lien Debt.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE EXTENSION OF THE FIRST LIEN DEBT TO THE FIRST LIEN BORROWER, THE PARTIES AGREE AS FOLLOWS:

1. Until the Discharge of the First Lien Debt, Subordinated Creditor subordinates any and all Liens that Subordinated Creditor may have or obtain at any time in any Collateral to secure the Subordinated Debt to the Liens therein at any time securing the First Lien Debt (as the same may be reduced over time by the aggregate amount of all permanent repayments) and agrees that until such time as the First Lien Debt has been Discharged any and all Liens of Subordinated Creditor in respect of any Collateral shall be second, junior and subordinate to the Liens securing the First Lien Debt, and the Liens securing the First Lien Debt shall be first, senior and prior to each Lien held by the Subordinated Creditor. The priority specified in the preceding sentence shall be applicable irrespective of the dates, times or order of attachment or perfection of Liens, the time or order of filing of Liens, the time or order of filing of financing statements, the time or order of obtaining control or possession, the giving or failure to give notice of the acquisition or expected acquisition of any purchase money liens, the failure to perfect or maintain the perfection or priority of the Liens securing the First Lien Debt or the failure of the First Lien Agent to obtain control or possession of any Collateral. Subordinated Creditor, to the fullest extent permitted by applicable law, waives as to the First Lien Agent and the First Lien Creditors any requirement regarding, and agrees not to demand, request, plead or otherwise claim the benefit of, any marshalling, appraisement, valuation or other similar right that may otherwise be available under applicable law.

2. As used in this Agreement, the following terms shall have the meanings specified below:

"Agreement" shall mean this Subordination Agreement.

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

"Blockage Period" shall have the meaning set forth in Section 3.

"Collateral" means all assets and properties of any kind whatsoever, real or personal, tangible or intangible and wherever located, of any Obligor, whether now owned or hereafter acquired, upon which a Lien (including, without limitation, any Liens granted in any Insolvency Proceeding) is now or hereafter granted or purported to be granted by such Person in favor of a Secured Creditor, as security for all or any part of the Obligations.

"Debt Action" shall mean: (i) the imposition of the "default rate" as defined in any Subordinated Debt Document, (ii) the receipt of any payment or distribution under or pursuant to any plan of reorganization which has been confirmed pursuant to a non-appealable order in a case under the Bankruptcy Code in a manner not inconsistent with the terms of this Agreement, (iii) voting on any plan of reorganization, (iii) the filing of any proof or notice of claim in any Insolvency Proceeding involving any Obligor or the filing of defensive pleadings in a manner not inconsistent with the terms of this Agreement, (iv) the acceleration of any Subordinated Debt obligations, (iv) the filing and pursuit of a lawsuit by Subordinated Creditor to collect any Subordinated Debt obligations so long as such lawsuit seeks only a money judgment and does not seek to enforce or impose any Lien on any Collateral or enjoin, limit, interfere with or otherwise affect any of the rights of the First Lien Agent or any First Lien Creditor under the First Lien Documents, or (v) the delivery of default notices, cease and desist letters and similar notices by Subordinated Creditor to any Obligor.

"Discharged" shall mean, with respect to the First Lien Debt, that: (a) the outstanding principal amount of the First Lien Debt (as defined in and limited by the definition of "First Lien Debt") has been paid in full in cash and (b) all other Obligations (other than contingent indemnification obligations for which no underlying claim has been asserted) under the First Lien Documents have been paid or discharged in full (with all such obligations consisting of monetary or payment obligations having been paid in full in cash).

"Documents" means, collectively, the First Lien Documents and the Subordinated Debt Documents.

"Enforcement Action" means (a) any action by any Secured Creditor to foreclose on the Lien of such Person in any Collateral, (b) any action by any Secured Creditor to take possession of, or sell or otherwise realize upon, or to exercise any other rights or remedies with respect to, any Collateral, including any Disposition after the occurrence of an event of default of any Collateral by an Obligor with the consent of, or at the direction of, a Secured Creditor, (c) the taking of any other actions by a Secured Creditor against any Collateral, including the taking of control or possession of, or the exercise of any right of setoff with respect to, any Collateral and/or (d) the commencement by any Secured Creditor of any legal proceedings or actions against or with respect to any Obligor or any of such Obligor's property or assets or any Collateral to facilitate any of the actions described in clauses (a), (b) and (c) above, including the commencement of any Insolvency Proceeding; provided that this definition shall not include any Debt Action.

"Event of Default" means each "Event of Default" or similar term, as such term is defined in any First Lien Document or any Subordinated Debt Document.

"First Lien Covenant Default" means an "Event of Default" arising under the First Lien Documents that does not constitute a First Lien Payment Default.

"First Lien Debt" shall mean all obligations, liabilities and indebtedness of every kind, nature and description of the First Lien Borrower and each other Obligor to the First Lien Creditors or any of them now existing or hereafter arising under the First Lien Documents, together with all costs of collecting such obligations (including attorneys' fees), including, without limitation, all interest accruing after the commencement by or against any Obligor of any Insolvency Proceeding (and including the payment of any principal, interest, cost, expenses and other amounts (including default rate interest) which would accrue and become due but for the commencement of such bankruptcy, reorganization or other Insolvency Proceeding whether or not such amounts are allowed or allowable in whole or in part in any such Proceeding); provided that the principal amount of such First Lien Debt shall not exceed $2,500,000 (which principal amount shall be reduced by all payments of principal thereon received by the First Lien Creditors pursuant to the First Lien Documents and this Agreement and increased by the amount of any accrued and unpaid (to the extent added to principal) or capitalized interest (including default interest and interest which would accrue and become due but for the commencement of such bankruptcy, reorganization or similar Proceeding whether or not such amounts are allowed or allowable in whole or in part in any such Proceeding)).

"First Lien Payment Default" means a default in the payment of the principal of, premium, if any, or interest on, or fees or any other amount payable with respect to, the First Lien Debt beyond any applicable grace period.

"First Lien Termination Date" means the date on which all First Lien Debt have been Discharged.

"Insolvency Proceeding" means, as to any Obligor, any of the following: (a) any case or proceeding with respect to such Obligor under the Bankruptcy Code or any other federal, state or foreign bankruptcy, insolvency, reorganization or other law affecting creditors' rights or any other or similar proceedings seeking any stay, reorganization, arrangement, composition or readjustment of the obligations and indebtedness of such Obligor, (b) any proceeding seeking the appointment of any trustee, receiver, liquidator, custodian or other insolvency official with similar powers with respect to such Obligor or any of its assets, (c) any proceeding for liquidation, dissolution or other winding up of the business of such Obligor or (d) any assignment for the benefit of creditors or any marshalling of assets of such Obligor.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever, to secure payment of a debt or performance of an obligation, including any obligation under a judgment or order issued by any court.

"Limited Blockage Period" shall have the meaning set forth in Section 3.

"Obligations" means the First Lien Debt and the Subordinated Debt, or any of them.

"Permitted Collateral Sale" means any Disposition of Collateral so long as such Disposition is permitted under the First Lien Documents (or a consent thereto is granted by the First Lien Agent on behalf of the First Lien Creditors) and the Subordinated Debt Documents (or a consent thereto is granted by the Subordinated Creditor). The term Permitted Collateral Sale shall not include any Disposition occurring or effected under any circumstance or condition described in the definition of "Release Event."

"Person" means an individual, partnership, corporation (including a business trust and a public benefit corporation), joint stock company, estate, association, firm, enterprise, trust, limited liability company, unincorporated association, joint venture, governmental authority or any other entity or regulatory body.

"Proceeding" means any action or proceeding involving the dissolution, winding up, liquidation, rearrangement, reorganization, adjustment, protection, relief or composition of any Obligor or guarantor of any Obligations, whether in any Insolvency Proceeding or similar proceedings or otherwise.

"Release Event" means the taking of any Enforcement Action by the First Lien Agent on behalf of the First Lien Creditors (in accordance with its duties under the UCC as in effect in the applicable jurisdiction) against all or any portion of the Collateral (including a Disposition conducted by any Obligor with the consent of the First Lien Agent) or, after the occurrence and during the continuance of an Insolvency Proceeding by or against any Obligor, the entry of an order of the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code authorizing the sale of all or any portion of the Collateral.

"Secured Creditors" means the First Lien Creditors and the Subordinated Creditor, or any of them.

"Standstill Period" shall mean the period beginning on the date of the occurrence of a Event of Default under the Subordinated Debt Documents and ending upon the date which is the earlier of (a) 180 days after the First Lien Agent has received written notice from the Subordinated Creditor that an Event of Default has occurred under the Subordinated Debt Documents and (b) the date on which the First Lien Debt has been Discharged; provided that in the event that as of any day during such 180 days, such Event of Default under the Subordinated Debt Documents is no longer continuing (as the result of having been cured or waived by the Subordinated Creditor), then the Standstill Period shall be deemed not to have commenced.

"UCC" means the Uniform Commercial Code of any applicable jurisdiction and, if the applicable jurisdiction shall not have any Uniform Commercial Code, the Uniform Commercial Code as in effect in the State of California.

3. (a) Anything contained in the Subordinated Debt Documents to the contrary notwithstanding, until the Discharge of the First Lien Debt, the Second Lien Borrower may not make and the Subordinated Creditor may not receive any payment on account of the principal of, premium, if any, or interest on, or fees or any other amount payable in respect of the Subordinated Debt if, at the time of, or after giving effect to, such payment: (i) a First Lien Payment Default exists, the Subordinated Creditor and the Second Lien Borrower shall have received written notice of such default and such First Lien Payment Default shall not have been cured or waived in accordance with the terms of the First Lien Documents (the period during which such conditions exists being referred to as a "Blockage Period"); or (ii) the Second Lien Borrower and the Subordinated Creditor shall have received a written notice from the First Lien Agent stating that a First Lien Covenant Default then exists and is continuing, each such First Lien Covenant Default shall not have been cured or waived in accordance with the terms of the First Lien Documents and 120 days shall not have elapsed since the date such notice was received (the period during which such conditions exists being referred to as a "Limited Blockage Period").

(b) The Second Lien Borrower may resume making scheduled payments of the interest in respect of the Subordinated Debt (and make any such payments missed due to the existence of a Blockage Period or a Limited Blockage Period) and may again make voluntary payments of principal in respect of the Subordinated Debt upon the expiration of the Blockage Period or Limited Blockage Period, whether by cure or waiver of the applicable First Lien Payment Default or First Lien Covenant Default or expiration of the 120 day period with respect to the Limited Blockage Period.

(c) Any provision of this Section 3 to the contrary notwithstanding: The Second Lien Borrower shall not be prohibited from making, and the Subordinated Creditor shall not be prohibited from receiving, scheduled payments of interest or voluntary payments of principal during a Limited Blockage Period for more than an aggregate of 120 days within any period of 360 consecutive days. Furthermore, so long as (i) an Event of Default under the First Lien Documents has not occurred, is not continuing and would not exist immediately after the payment to Subordinated Creditor was made and (ii) no Insolvency Proceeding is pending with respect to any Obligor, the Second Lien Borrower may make and Subordinated Creditor may (x) receive regularly scheduled cash payments of interest (at the non-default rate of interest) on the Subordinated Debt as and when due and payable in accordance with the terms of the Subordinated Notes, and (y) receive voluntary prepayments of principal as and when permitted in accordance with the terms of the Subordinated Notes. Nothing in this Section 3 shall prevent the Second Lien Borrower from paying, or the Subordinated Creditor from receiving, capitalized non-cash (*i.e.*, "paid-in-kind") interest in accordance with the Subordinated Notes. Except as expressly permitted in Section 3(a) above, the Second Lien Borrower will not (and it will not allow any other Obligor to) make any payment of any of the Subordinated Debt, or take any other action, in contravention of the provisions of this Agreement.

(d) Except as otherwise provided for in this Section 3, notwithstanding the occurrence and continuation beyond any applicable cure period of any default or Event of Default (however defined) under the Subordinated Debt Documents or any provisions of the Subordinated Debt Documents to the contrary, until Discharge of the First Lien Debt Subordinated Creditor will not demand or receive from the Second Lien Borrower or any other Obligor (and no Obligor will pay to Subordinated Creditor) all or any part of the Subordinated Debt, by way of payment, prepayment, setoff, lawsuit or otherwise, nor will Subordinated Creditor commence any Enforcement Action with respect to or against any portion of the Collateral, until such time as the First Lien Debt has been Discharged. Notwithstanding the preceding sentence, (a) Subordinated Creditor may bid for or purchase Collateral at any private or judicial foreclosure upon such Collateral initiated by any Secured Creditor (provided that the cash portion of any such bid shall be in an amount that is not less than the amount necessary to Discharge the First Lien Debt), (b) Subordinated Creditor may join (but not control) any foreclosure or other judicial lien enforcement proceeding with respect to the Collateral initiated by the First Lien Creditors for the purpose of protecting Subordinated Creditor's Lien on the Collateral, so long as it does not hinder, delay or otherwise interfere with the exercise by the First Lien Agent, on behalf of the First Lien Creditors, of its rights under this Agreement, the First Lien Documents and under applicable law, (c) the Subordinated Creditor may receive any remaining proceeds of Collateral after the First Lien Debt has been Discharged, (d) Subordinated Creditor may take any Debt Action following the occurrence and during the continuation of any Event of Default with respect to the Subordinated Debt, and (e) Subordinated Creditor may take any Enforcement Action with respect to the Collateral after the termination of the Standstill Period. Any proceeds of Collateral received by a Secured Party in connection with any such Enforcement Action taken by Subordinated Creditor shall be applied in accordance with this Agreement until the Discharge of the First Lien Debt.

(e) Notwithstanding anything to the contrary contained herein (including, without limitation, Sections 1 and 3(a)–(d)) or any First Lien Document, in accordance with Section 1(d) of the Letter Agreement, if and to the extent that, First Lien Borrower or any other Obligor receives cash proceeds from the sale of the Assets (as defined in the Letter Agreement) pursuant to Section 1(d)(x) of the Letter Agreement, First Lien Borrower or such Obligor shall promptly: (i) first, remit (and the First Lien Agent and the First Lien Creditors consent to such remittance) such cash sales proceeds to Subordinated Creditor to the extent necessary to pay in cash the principal obligations then outstanding under the Amended VAC Note until such time as the principal balance of the Amended VAC Note (which shall not exceed $3,500,000) has been satisfied by payment in full in cash (and Subordinated Creditor agrees that it will accept such amounts in payment of, and apply them towards, the reduction of the interest and principal then outstanding under the Subordinated Debt and, to the extent such payments equal or aggregate to the full amount of principal (which shall not exceed $3,500,000) and interest outstanding under the Amended VAC Note, such payment(s) shall represent a satisfaction in full in cash of the outstanding principal and interest under the Subordinated Debt and Subordinated Creditor will mark the Amended VAC Note "Cancelled" and return it to the Second Lien Borrower), and (ii) thereafter, remit any remaining cash sales proceeds to the First Lien Agent for application to the First Lien Debt. Upon any full satisfaction in cash of the Subordinated Debt pursuant to this Section 3(b), Subordinated Creditor will, at the request and expense of the Second Lien Borrower, (i) promptly release or otherwise terminate its Liens on any and all Collateral and any other assets or rights of any Obligor and release each Guarantor from its obligations under the relevant Subordinated Debt Documents; (ii) promptly deliver such terminations of financing statements, full lien releases, mortgage satisfactions and discharges, endorsements, assignments or other instruments of transfer, termination or release and (iii) take such further actions as the First Lien Agent shall reasonably require in order to release and/or terminate its Liens on the Collateral (or release such Guarantor) and/or any other assets and rights of any Obligor.

4. (a) In the event that the First Lien Agent takes possession of or has "control" (as such term is used in the UCC as in effect in each applicable jurisdiction) over any Collateral for purposes of perfecting its Lien therein, the First Lien Agent agrees that it shall hold, and shall be deemed to be holding, such Collateral as representative for the Secured Creditors, including the Subordinated Creditor, solely for purposes of perfection of its Lien under the UCC; provided that the First Lien Agent shall not have any duty or liability to protect or preserve any rights pertaining to any of the Collateral for the Subordinated Creditor. Promptly following the First Lien Termination Date, the First Lien Agent shall, upon the request of Subordinated Creditor, deliver the remainder of the Collateral, if any, in its possession to the designee of Subordinated Creditor (except as may otherwise be required by applicable law or court order).

(b) In the event that Subordinated Creditor takes possession of or has "control" (as such term is used in the UCC as in effect in each applicable jurisdiction) over any Collateral for purposes of perfecting its Lien therein, Subordinated Creditor shall be deemed to be holding such Collateral as representative for the Secured Creditors, including the First Lien Creditors, solely for purposes of perfection of their Liens under the UCC; provided that Subordinated Creditor shall not have any duty or liability to protect or preserve any rights pertaining to any of the Collateral for the First Lien Creditors.

(c) It is understood and agreed that this Section 4 is intended solely to assure continuous perfection of the Liens granted under the applicable Documents, and nothing in this Section 4 shall be deemed or construed as altering the priorities or obligations set forth elsewhere in this Agreement. The duties of each party under this Section 4 shall be mechanical and administrative in nature, and no party shall have, or be deemed to have, by reason of this Agreement or otherwise a fiduciary relationship in respect of the other party.

(d) So long as the First Lien Termination Date has not occurred, the First Lien Agent shall have the exclusive right, subject to the rights of the Obligors under the First Lien Documents, to settle and adjust claims in respect of Collateral under policies of insurance and to approve any award granted in any condemnation or similar proceeding, or any deed in lieu of condemnation, in respect of the Collateral. After the occurrence of the First Lien Termination Date, Subordinated Creditor shall have the exclusive right, subject to the rights of the Obligors under the Subordinated Debt Documents, to settle and adjust claims in respect of Collateral under policies of insurance and to approve any award granted in condemnation or similar proceeding, or any deed in lieu of condemnation, in respect of the Collateral.

5. Until Discharge of the First Lien Debt, any Collateral or proceeds thereof received by Subordinated Creditor including, without limitation, any such Collateral constituting proceeds, or any payment or distribution, that may be received by Subordinated Creditor (a) in connection with the exercise of any right or remedy (including any right of setoff) with respect to the Collateral, (b) in connection with any insurance policy claim or any condemnation award (or deed in lieu of condemnation), (c) from the collection or other Disposition of, or realization on, the Collateral, whether or not pursuant to an Insolvency Proceeding (including, pursuant to any Debt Action) or (d) in violation of this Agreement (including any amount not permitted to be paid or received pursuant hereto), shall be segregated and held in trust and promptly paid over to the First Lien Agent, for the benefit of the First Lien Creditors, in the same form as received, with any necessary endorsements, and Subordinated Creditor hereby authorizes the First Lien Agent to make any such endorsements as agent for the Subordinated Creditor (which authorization, being coupled with an interest, is irrevocable). All Collateral and proceeds thereof received by any First Lien Creditor prior to the Discharge of the First Lien Debt shall be applied to the repayment of the First Lien Debt as provided in the First Lien Documents, and Collateral and all proceeds thereof received after the Discharge of the First Lien Debt shall be forthwith paid over, in the kind or funds and currency received, to Subordinated Creditor for application to the Subordinated Debt (unless otherwise required by law or court order). For the avoidance of doubt, this paragraph shall not apply to any interest or principal payments received by Subordinated Creditor that are not prohibited by this Agreement including payments received pursuant to Section 3(e).

6. This Agreement shall be applicable both before and after the filing of any petition by or against any Obligor under the Bankruptcy Code or any other Insolvency Proceeding and all converted or succeeding cases in respect thereof, and all references herein to any Obligor shall be deemed to apply to the trustee for such Obligor and such Obligor as a debtor-in-possession. The relative rights of the First Lien Creditors and Subordinated Creditor in respect of any Collateral or proceeds thereof shall continue after the filing of such petition on the same basis as prior to the date of such filing, subject to any court order approving the financing of, or use of cash collateral by, any Obligor. This Agreement shall constitute a "subordination agreement" for the purposes of Section 510(a) of the Bankruptcy Code and shall be enforceable in any Insolvency Proceeding (or other Proceeding) in accordance with its terms.

7. Subject to the other terms and conditions of this Agreement (including the right of the Subordinated Creditor to take Enforcement Action after the termination of the Standstill Period), until the Discharge of the First Lien Debt, the First Lien Agent shall have the exclusive right to manage, perform and enforce the terms of the First Lien Documents with respect to the Collateral, to exercise and enforce all privileges and rights thereunder according to its sole discretion and the exercise of its sole business judgment, including the exclusive right to take or retake control or possession of the Collateral and to hold, prepare for sale, process, dispose of, or liquidate the Collateral and to incur expenses in connection with such Disposition and to exercise all the rights and remedies of a secured lender under the UCC (or any similar or equivalent foreign law) of any applicable jurisdiction. In conducting any public or private sale under the UCC, the First Lien Agent shall give the Subordinated Creditor such notice (a "UCC Notice") of such sale as may be required by the applicable UCC; provided, however, that 10 days' notice shall be deemed to be commercially reasonable notice. Except as specifically provided in this Section 7 below, notwithstanding any rights or remedies available to Subordinated Creditor under any of the Subordinated Debt Documents, applicable law or otherwise, Subordinated Creditor shall not, directly or indirectly, take any Enforcement Action; provided that, subject at all times to the provisions of Sections 1 and 3, upon the expiration of the applicable Standstill Period, Subordinated Creditor may take any Enforcement Action (provided that it gives the First Lien Agent at least 5 Business Days written notice prior to taking such Enforcement Action); provided, however, that notwithstanding the expiration of the Standstill Period or anything herein to the contrary, in no event shall Subordinated Creditor exercise or continue to exercise any such rights or remedies, or commence or petition for any such action or proceeding (including any foreclosure action or proceeding or any Insolvency Proceeding) if the First Lien Agent or any other First Lien Creditor shall, prior to the termination of the Standstill Period, have commenced any Enforcement Action with respect to any of the Collateral or any such action or proceeding (including, without limitation, any of the following (if undertaken and pursued to consummate a Disposition of such Collateral within a commercially reasonable time): the solicitation of bids from third parties to conduct the liquidation of all or any material portion of the Collateral, the engagement or retention of sales brokers, marketing agents, investment bankers, accountants, auctioneers or other third parties for the purpose of valuing, marketing, promoting or selling all or any material portion of the Collateral, the notification of account debtors to make payments to the First Lien Agent or its agents, the initiation of any action to take possession of all or any material portion of the Collateral or the commencement of any legal proceedings or actions against or with respect to the foreclosure and sale of all or any material portion of the Collateral), or diligently attempting in good faith to vacate any stay prohibiting an Enforcement Action with respect to all or any material portion of the Collateral.

8. At any time, without notice to Subordinated Creditor, the First Lien Agent, on behalf of the First Lien Creditors, may take actions it considers appropriate on the First Lien Debt such as charging default interest rates when permitted under the First Lien Documents, renewing, compromising or otherwise amending any documents affecting the First Lien Debt and any Collateral, and enforcing or failing to enforce any rights against any Obligor or any other Person; provided, however, that without the written consent of the Subordinated Creditor, the First Lien Creditors shall not amend, restate, supplement, modify, substitute, renew or replace any or all of the First Lien Documents to (i) increase the interest rates on the First Lien Debt (excluding the imposition of a default rate when permitted under the First Lien Documents), (ii) extend the final maturity date of the First Lien Debt, (iii) increase the principal amount of the First Lien Debt, other than as a result of the capitalization of accrued interest and expenses, (iii) add or modify in a manner adverse to any Obligor or any Subordinated Creditor any covenant, agreement or default, or Event of Default under the First Lien Documents, (iv) or amend or modify any First Lien Debt Document in a manner that would prohibit or restrict any Obligor from making interest payments to Subordinated Creditor under the Subordinated Debt Documents, except as provided in this Agreement, or (v) impose any fees, penalties or premiums. No action or inaction of the First Lien Agent (under the First Lien Documents or pursuant to this Agreement) or any Obligor will impair or otherwise affect the First Lien Agent's rights under this Agreement.

9. Until the First Lien Termination Date has occurred, and notwithstanding anything to the contrary contained in the Subordinated Debt Documents, Subordinated Creditor shall not, without the prior written consent of the First Lien Agent, except as expressly contemplated by the terms of the Letter Agreement, agree to any amendment, restatement, modification, supplement, substitution, renewal or replacement of or to any or all of the Subordinated Debt Documents that (a) would result in an increase in the interest rates in respect of the Subordinated Debt (excluding the imposition of a default rate when permitted under the Subordinated Debt Documents), (b) shorten the maturity or weighted average life to maturity of the Subordinated Debt or require that any payment on the Subordinated Debt be made earlier than the date originally scheduled for such payment or that any commitment expire any earlier than the date originally scheduled therefor, (c) add or modify in a manner adverse to any Obligor or any First Lien Creditor any covenant, agreement or default, or Event of Default under the Subordinated Debt Documents, (d) increase the amount of the Subordinated Debt, other than as a result of the capitalization of accrued interest and expenses, or (e) impose any fees, penalties or premiums.

10. Each of the First Lien Agent and Subordinated Creditor shall provide to each other concurrently with the giving thereof to any Obligor (a) a copy of any written notice by any Secured Creditor of an Event of Default under any of its Documents or a written notice of demand for payment from any Obligor and (b) a copy of any written notice sent by such Secured Creditor to any Obligor stating such Secured Creditor's intention to exercise any material enforcement rights or remedies against such Obligor, including written notice pertaining to any foreclosure on all or any part of the Collateral or other judicial or non-judicial remedy in respect thereof, and any legal process served or filed in connection therewith; provided that the failure of any Secured Creditor to give such required notice shall not result in any liability to such Secured Creditor or affect the enforceability of any provision of this Agreement, including the relative priorities of the Liens of the Secured Creditors as provided herein, and shall not affect the validity or effectiveness of any such notice as against any Obligor; provided, further, that the foregoing shall not in any way impair any claims that any Secured Creditor may have against any other Secured Creditor as a result of any failure of any Secured Party to provide a UCC Notice in accordance with the provisions of this Agreement and applicable law (including without limitation any liability that any Secured Creditor may have to any other Secured Creditor as a result of any such failure). Each of the First Lien Agent and Subordinated Creditor will provide such information as it may have to the other as the other may from time to time reasonably request concerning the status of the exercise of any Enforcement Action and shall be available on a reasonable basis during normal business hours to review with the other alternatives available in exercising such rights, including, but not limited to, advising each other of any offers which may be made from time to time by prospective purchasers of the Collateral; provided that (i) the failure of any party to do any of the foregoing shall not affect the relative priorities of the Secured Creditors' respective liens as provided herein or the validity or effectiveness of any notices or demands as against any Obligor and (ii) in no event will the First Lien Agent or any First Lien Creditor have any obligation to obtain the consent of Subordinated Creditor with respect to any actions taken or contemplated to be taken (or not taken) with respect to any Enforcement Action. Each Obligor, by its acknowledgment hereto, hereby consents and agrees to each Secured Creditor providing any such information to the other Secured Creditor(s) and to such actions by the Secured Creditors and waives any rights or claims against any Secured Creditors arising as a result of such information or actions.

11. Until such time as the First Lien Debt has been Discharged, Subordinated Creditor shall at any time in connection with any Permitted Collateral Sale in connection with which the First Lien Agent releases or otherwise terminates its Liens on the Collateral (and/or, in the case of a Permitted Collateral Sale consisting of the sale or disposition of all or substantially all of the equity interests or assets of any Guarantor, release such Guarantor from its obligations under the relevant First Lien Documents) subject to such sale (but not its Lien in the proceeds of such sale): (a) upon the request of the First Lien Agent with respect to the Collateral subject to such Permitted Collateral Sale (which request will specify the principal proposed terms of the sale and the type and amount of consideration expected to be received in connection therewith), release or otherwise terminate its liens on such Collateral (it being understood that Subordinated Creditor shall still, subject to the terms of this Agreement, have a security interest with respect to the proceeds of such Collateral) (and/or, in the case of a Permitted Collateral Sale consisting of the sale or disposition of all or substantially all of the equity interests or assets of any Guarantor, release such Guarantor from its obligations under the relevant Subordinated Debt Documents); (b) promptly, at the expense of the Second Lien Borrower and other Obligors, deliver such terminations of financing statements, partial lien releases, mortgage satisfactions and discharges, endorsements, assignments or other instruments of transfer, termination or release (collectively, "Release Documents") and take such further actions as the First Lien Agent shall reasonably require in order to release and/or terminate Subordinated Creditor's Liens on the Collateral (or release such Guarantor) subject to such Permitted Collateral Sale; provided that if the closing of the Disposition of the Collateral is not consummated within 15 business days from the proposed closing date or any agreement governing such Permitted Collateral Sale is terminated by any of the parties thereto, the First Lien Agent shall, upon Subordinated Creditor's request, promptly return all Release Documents to Subordinated Creditor. In connection with a Permitted Collateral Sale with respect to any Collateral, the First Lien Agent shall promptly apply the net cash proceeds received by it upon the closing of the Permitted Collateral Sale to the repayment of the First Lien Debt as provided in the First Lien Documents. Subordinated Creditor shall have no obligation to deliver any such release or authorization documents (A) to the First Lien Agent, the Second Lien Borrower or any other Obligor at any time or (B) to any party more than 5 business days prior to the proposed date of the closing of the sale or disposition of such Collateral.

12. Subordinated Creditor shall, at any time in connection with a Release Event with respect to any Collateral: (a) upon the request of the First Lien Agent with respect to the Collateral subject to such Release Event (which request will specify the principal proposed terms of the sale and the type and amount of consideration expected to be received in connection therewith), release or otherwise terminate its liens on such Collateral (and/or, in the case of a Disposition consisting of the sale or disposition of all or substantially all of the equity interests or assets of any Guarantor, release such Guarantor from its obligations under the relevant Documents), to the extent the Disposition of such Collateral is either by (i) the First Lien Agent or its agents or representatives or (ii) any Obligor with the consent of the First Lien Creditors, (b) shall grant such consents under the Subordinated Debt Documents as the First Lien Agent reasonably deems necessary to effect such Disposition free and clear of Subordinated Creditor's Liens (it being understood that Subordinated Creditor shall still, subject to the terms of this Agreement, have a security interest with respect to the proceeds of such Collateral), and (c) deliver such Release Documents and take such further actions as First Lien Agent may reasonably require in connection therewith; provided that, (i) such release by Subordinated Creditor shall not extend to or otherwise affect any of the rights of Subordinated Creditor to the proceeds from any such Disposition of Collateral, (ii) the First Lien Agent shall promptly apply such proceeds to permanently pay the First Lien Debt in accordance with the terms of the First Lien Documents until the same have been Discharged, (iii) after such application, any excess proceeds from such Disposition shall be applied in accordance with the provisions of Section 5 and (iv) no such release and/or authorization documents shall be delivered (A) to any Obligor or (B) more than 2 Business Days prior to the date of the closing of the Disposition of such Collateral; provided further that if the closing of the Disposition of the Collateral subject to such Release Event is not consummated within 15 business days of the proposed date of closing or any agreement governing such Disposition is terminated, the First Lien Agent shall promptly, upon Subordinated Creditor's request, return all Release Documents to Subordinated Creditor. Subordinated Creditor waives any benefits of California Civil Code Sections 2809, 2810, 2819, 2845, 2847, 2848, 2849, 2850, 2899 and 3433.

13. [Intentionally Omitted]

14. In any Insolvency Proceeding, if the First Lien Creditors (or any subset thereof) are granted adequate protection in the form of Senior Adequate Protection Liens, Subordinated Creditor may seek (and the First Lien Creditors may not oppose) adequate protection of their interests in any portion of the Collateral securing the Subordinated Debt in the form of a replacement lien on the additional collateral subject to the Senior Adequate Protection Liens, if granted, will be subordinate to all Liens securing the First Lien Debt (including, without limitation, the Senior Adequate Protection liens and any "carve-out" agreed to by the First Lien Agent or the other First Lien Creditors) and any Liens securing debtor-in-possession financing on the same basis as the other liens securing the Subordinated Debt are so subordinated under this Agreement; provided that, Subordinated Creditor hereby irrevocably agrees, pursuant to Section 1129(a)(9) of the Bankruptcy Code, that any stipulation and/or order granting such adequate protection may provide that any junior superpriority claims held by it may be paid under any plan of reorganization in any combination of cash, debt, equity or other property having a value on the effective date of such plan equal to the allowed amount of such junior superpriority claims. Except as expressly set forth above, Subordinated Creditor may not seek and waive the right to request or receive post-petition interest and/or adequate protection payments in any Proceeding, and the First Lien Creditors may oppose any payments proposed to be made by any Obligor to Subordinated Creditor.

15. Subordinated Creditor hereby consents to any sale, lease, exchange, transfer or other disposition (each, a "Disposition") of any Collateral securing the First Lien Debt (or any portion thereof) and the Subordinated Debt free and clear of Liens or other claims under Section 363 of the Bankruptcy Code or any other provision of the Bankruptcy Code, if the First Lien Creditors have consented to the Disposition of such assets, as long as all proceeds of such Disposition received by the First Lien Creditors on account of the First Lien Debt will be applied to the First Lien Debt to permanently reduce the principal portion of the First Lien Debt in accordance with this Agreement; provided that Subordinated Creditor may raise any objections to any such Disposition of such Collateral securing the Subordinated Debt that could be raised by any creditor of the Obligors whose claims were not secured by any liens on such collateral, provided such objections are not inconsistent with any other term or provision of this Agreement and are not based on the status of Subordinated Creditor as a secured creditors (without limiting the foregoing, Subordinated Creditor will not be permitted to raise any objections based on rights afforded by Sections 363(e) and (f) of the Bankruptcy Code to secured creditors (or by any comparable provision of any bankruptcy or insolvency law)) with respect to the Liens granted to Subordinated Creditor; provided, further, that Subordinated Creditor shall retain its rights to bid on the Collateral (including by way of credit bidding under Section 363(k) of the Bankruptcy Code or otherwise) so long as such bid contains a cash component sufficient to Discharge the First Lien Debt in its entirety. Subordinated Creditor hereby irrevocably waives any claim it may now or hereafter have arising out of the First Lien Creditors' election in any proceeding instituted under Chapter 11 of the Bankruptcy Code of the application of Section 1111(b)(2) of the Bankruptcy Code. Subordinated Creditor hereby agrees not to initiate or prosecute or join with any other Person to initiate or prosecute any claim, action or other proceeding (i) challenging the enforceability of the First Lien Creditors' claims as fully secured claims with respect to all or part of the First Lien Debt or for allowance of any First Lien Debt (including those consisting of post-petition interest, fees or expenses) or opposing any action by the First Lien Agent or the First Lien Creditors to enforce their rights or remedies arising under the First Lien Documents in a manner which is not prohibited by the terms of this Agreement, (ii) challenging the enforceability, validity, priority or perfected status of any liens on assets securing the First Lien Debt under the First Lien Documents, (iii) asserting any claims which any of the Obligors may hold with respect to the First Lien Creditors, (iv) seeking to lift the automatic stay to the extent that such action is opposed by the First Lien Agent or (v) opposing a motion by the First Lien Agent to lift the automatic stay. The First Lien Creditors agree not to initiate or prosecute or join with any Person to initiate or prosecute any claim, action or other Proceeding (i) challenging the enforceability, validity, priority or perfected status of any liens on assets securing the Subordinated Debt under the Subordinated Debt Documents, (ii) challenging the enforceability of the Subordinated Creditor's claims as fully secured claims with respect to all or part of the Subordinated Debt or for allowance of any Subordinated Debt (including those consisting of post-petition interest, fees or expenses) or opposing any action by the Subordinated Creditor to enforce its rights or remedies arising under the Subordinated Debt Documents in a manner which is not prohibited by the terms of this Agreement or (iii) asserting any claims which any of the Obligors may hold with respect to the Subordinated Creditor. Furthermore, Subordinated Creditor agrees that it shall not at any time, whether before, during or after the commencement of any Proceeding (including any Insolvency Proceeding) and until the First Lien Termination Date, (x) grant any waivers under, or fail to enforce the terms of or exercise any rights available to it under or pursuant to, any subordination agreement, priority deed, or similar document or instrument that applies to any indebtedness, obligations, undertakings, guaranties or liens that are thereby or otherwise subordinated to the Subordinated Debt and/or any liens on Collateral ("Other Subordinated Debt"), (y) cooperate with or otherwise permit or forbear from exercising any rights and remedies with respect to any attempt by any beneficial or legal holder of any Other Subordinated Debt, in violation of any applicable so called "standstill" provisions of such agreement or priority deed, to accelerate, make demand, attempt to collect, take legal or equitable action with respect to, or seek a judgment against or any other legal or equitable relief with respect to any Obligor and/or to foreclose or otherwise realize upon and/or take possession or control of, or obtain any legal or equitable relief with respect to, any portion of the Collateral.

16. Subordinated Creditor shall promptly affix a legend to the instruments evidencing the Subordinated Debt stating that the instruments are subject to the terms of this Agreement. By the execution of this Agreement, Subordinated Creditor hereby agrees to promptly (but not more than five (5) Business Days following the date first written above) amend any financing statements and functionally-similar lien perfection and/or creation documents filed or recorded by Subordinated Creditor against any Obligor as follows: "In accordance with a certain Subordination Agreement by and among the [Subordinated Creditor], the Debtor and the [First Lien Agent], the [Subordinated Creditor] has subordinated any security interest or lien that [Subordinated Creditor] may have in any property of the Debtor to the security interest of [the First Lien Agent] on behalf of itself and other creditors in all assets of the Debtor, notwithstanding the respective dates of attachment or perfection of the security interest of the Secured Creditor and [the First Lien Agent]".

17. No amendment of the Subordinated Debt Documents shall directly or indirectly modify the provisions of this Agreement in any manner which might terminate or impair the subordination of the Subordinated Debt or the subordination of the Liens that Subordinated Creditor may have in any property of any Obligor.

18. In the event of any Insolvency Proceeding involving one or more of the Obligors, these provisions shall apply: (a) the Subordinated Creditor shall not seek in any Proceeding to be treated as part of the same class of creditors as the First Lien Agent or the First Lien Creditors and shall not oppose any pleading or motion by the First Lien Agent and/or the First Lien Creditors for the First Lien Creditors and the Subordinated Creditor to be treated as separate classes of creditors; (b) the First Lien Creditors shall first be entitled to receive payment in full in cash of the First Lien Debt (including post-petition interest, including any applicable default rate interest, whether or not permitted in such Proceeding) from the proceeds of the Collateral before Subordinated Creditor is entitled to receive from the proceeds of the Collateral any payment on account of the principal of or interest on or any other amount owing in respect of the Subordinated Debt; (c) any payment, dividend or distribution of assets of the Obligor of any kind or character, whether in cash, property or securities to which Subordinated Creditor would be entitled except for the provisions of this Agreement, shall be paid by the Person making the payment or distribution, whether a trustee in bankruptcy, a debtor-in-possession, a receiver or liquidating trustee or other trustee or agent, directly to the First Lien Agent, to the extent necessary to make indefeasible payment in full in cash of the remaining unpaid First Lien Debt and Subordinated Creditor shall then be entitled to receive from the proceeds of the Collateral payment in full in cash of the Subordinated Debt (including post-petition interest, including any applicable default rate interest, whether or not permitted in such Proceeding); (d) in any Proceeding, the First Lien Agent is irrevocably authorized and empowered (in the name of Subordinated Creditor or otherwise), but shall have no obligation, to demand, sue for, collect and receive every payment, dividend or distribution referred to in clauses (a) through (c) above and give acquittance therefor and to file claims and proofs of claim and take other action (including, without limitation, voting the Subordinated Debt or enforcing any lien securing Subordinate Debt) as the First Lien Agent may deem necessary or advisable for the exercise or enforcement of any of the rights, remedies or interests of the First Lien Agent under this Agreement to the extent that Subordinated Creditor, after written notice from First Lien Agent, has not theretofore done so and any applicable claims bar date or statute of limitations is due to occur in less than thirty (30) days; (e) in any Insolvency Proceeding, Subordinated Creditor shall promptly take any action as the First Lien Agent may reasonably request: (i) to collect the Subordinated Debt for the account of the First Lien Agent and to file appropriate claims or proofs of claim in respect of the Subordinated Debt; (ii) to execute or authenticate and deliver to the First Lien Agent powers of attorney, assignments, instruments, or other documentation as the First Lien Agent may request in order to enable the First Lien Agent to enforce any and all claims with respect to the Subordinated Debt and any lien securing Subordinate Debt; and (iii) to collect and receive any and all payments, dividends or distributions which may be payable or deliverable upon or with respect to the Subordinated Debt; and (f) in any Insolvency Proceeding, Subordinated Creditor shall not have any right to setoff against the Subordinated Debt any indebtedness, claim or other obligation of any nature owed by Subordinated Creditor to the Obligor (including, without limitation, any right of setoff under Section 553 of the Bankruptcy Code), and Subordinated Creditor irrevocably agrees, to the extent not prohibited by applicable law, that Subordinated Creditor waives and will not exercise any right of setoff. If the foregoing waivers are adjudicated unenforceable by a court of competent jurisdiction, then Subordinated Creditor agrees that, in the event that Subordinated Creditor exercises any right of setoff in any Proceeding or at any other time, Subordinated Creditor will pay directly to the First Lien Agent, an amount equal to the amount of Subordinated Debt that was so set off, for application to First Lien Debt until all First Lien Debt has been Discharged.

19. To the extent that the First Lien Creditors receive payments on the First Lien Debt or proceeds of Collateral for application to the First Lien Debt which are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any Bankruptcy Law, common law, equitable cause or otherwise (and whether as a result of any demand, settlement, litigation or otherwise) (each a "First Lien Avoidance"), then to the extent of such payment or proceeds received, such Obligations, or part thereof, intended to be satisfied by such payment or proceeds shall be revived and continue in full force and effect as if such payments or proceeds had not been received by the First Lien Creditors, and this Agreement, if theretofore terminated, shall be reinstated in full force and effect as of the date of such First Lien Avoidance, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the Lien priorities and the relative rights and obligations of the First Lien Creditors and the Subordinated Creditor provided for herein with respect to any event occurring on or after the date of such First Lien Avoidance. The Subordinated Creditor agrees that it shall not be entitled to benefit from any First Lien Avoidance, whether by preference or otherwise, it being understood and agreed that the benefit of such First Lien Avoidance otherwise allocable to them shall instead be allocated and turned over for application in accordance with the priorities set forth in this Agreement.

20. Subject to Section 19 hereof, this Agreement shall terminate upon the First Lien Termination Date.

21. All rights and interests of the First Lien Agent and the First Lien Creditors under this Agreement, and all agreements and obligations of Subordinated Creditor and Obligor under this Agreement, shall remain in full force and effect irrespective of: (a) any lack of collectability, validity or enforceability of all or any portion of this Agreement, the First Lien Debt or any of First Lien Documents due to incapacity, lack of power or authority, discharge or for any reason whatsoever; (b) subject to Section 8, any change in the amount of interest accruing on, time, manner or place of payment of, or in any other terms or conditions of, all or any of First Lien Debt, or any other amendment or waiver of, any consent to departure from any of First Lien Documents, including, without limitation, changes in the terms of disbursement or repayment of any loan proceeds, any modifications, increases, extensions, renewals, rearrangements, restatements, acceleration, settlement or compromise of First Lien Debt or the advancement of additional funds by the First Lien Agent in its discretion; (c) the timing, manner and order of application of any payments and credits made by the First Lien Agent on First Lien Debt; (d) the First Lien Agent's or the First Lien Creditors' forbearance or agreement to forbear from enforcing any right or remedy related to First Lien Debt, including rights and remedies against any Obligor; (e) any exchange of Collateral, release or non-perfection of any lien, subordination of any lien, or any release of any Obligor on the First Lien Debt or any release, amendment or waiver of, or consent to departure from or indulgence with respect to, any the First Lien Document, for all or any of First Lien Debt; (f) any future law, regulation, or order of any governmental authority (whether of right or in fact) purporting to affect any term of First Lien Debt or First Lien Documents; (g) any setoff, defense or counterclaim whatsoever (in any case, whether based on contract, tort or any other theory) or any other circumstance in respect of this Agreement, First Lien Debt or any the First Lien Document that might otherwise constitute a defense available to, or a discharge of, First Lien Debt, the First Lien Borrower, any other Obligor on any First Lien Debt or Subordinated Creditor; or (h) any action taken or refrained from being taken by the First Lien Agent regarding First Lien Debt that the First Lien Agent deems appropriate.

22. Each party hereto hereby agrees to execute such documents and/or take such further action as the First Lien Agent or Subordinated Creditor may at any time or times reasonably request in order to carry out the provisions and intent of this Agreement, including, without limitation, ratifications and confirmations of this Agreement from time to time hereafter, as and when requested by the First Lien Agent or Subordinated Creditor.

23. Subordinated Creditor represents and warrants to the First Lien Agent as follows: (a) the execution, delivery and performance of this Agreement and each of the Subordinated Debt Documents now outstanding (true and complete copies of which have been furnished to the First Lien Agent) have been duly authorized by all necessary action; are within the power and authority of Subordinated Creditor and do not and will not (i) contravene the partnership agreement or other organic documents, if any, establishing or governing Subordinated Creditor, any applicable law or governmental regulation or any contractual restriction binding on or affecting Subordinated Creditor or any of its properties or (ii) result in or require the creation of any Lien upon or with respect to any of Subordinated Creditor's properties; (b) this Agreement and each of the Subordinated Debt Documents are legal, valid and binding obligations of Subordinated Creditor, enforceable against the Second Lien Borrower and the other Obligors party thereto, to the best of Subordinated Creditor's knowledge, and Subordinated Creditor in accordance with their respective terms except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights and by general equitable principles; (c) Subordinated Creditor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation and in good standing in the jurisdictions in which it is doing business, except, in each instance, with respect to such failures that would not reasonably be expected to adversely impact Subordinated Creditor's rights under the Subordinated Debt Documents and Subordinated Creditor's ability to perform its obligations under this Agreement; (d) Subordinated Creditor is the sole holder of the Subordinated Debt, free and clear of any Liens, with full power to make the subordinations set forth in this Agreement; and (e) Subordinated Creditor has not made or permitted any assignment or transfer, as security or otherwise, of the Subordinated Debt, any Subordinated Debt Documents or of any of the Collateral securing the Subordinated Debt prior to the date hereof. The First Lien Agent represents and warrants to Subordinated Creditor as follows: (a) the execution, delivery and performance of this Agreement and the First Lien Documents have been duly authorized by all necessary action; are within the power and authority of the First Lien Agent and do not and will not (i) contravene the partnership agreement or other organic documents, if any, establishing or governing the First Lien Agent, any applicable law or governmental regulation or any contractual restriction binding on or affecting the First Lien Agent or any of its properties, or (ii) result in or require the creation of any lien upon or with respect to any of the First Lien Agent's properties; (b) this Agreement constitutes a legal, valid and binding obligation of the First Lien Agent, enforceable against the First Lien Agent in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights and by general equitable principles, (c) First Lien Agent is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation and in good standing in the jurisdictions in which it is doing business, except, in each instance, with respect to such failures that would not reasonably be expected to adversely impact First Lien Agent's rights under the First Lien Documents and First Lien Agent's ability to perform its obligations under this Agreement; (d) First Lien Creditors' are the sole holders of the First Lien Debt, free and clear of any Liens, with full power to make the agreements set forth in this Agreement.

24. This Agreement binds Subordinated Creditor, the First Lien Agent, the First Lien Creditors, the First Lien Borrower, the Second Lien Borrower, and all other Obligors and their respective successors or assigns, and benefits the First Lien Agent, the First Lien Creditors and Subordinated Creditor, and their respective successors, assigns and participants in any portion of the First Lien Debt and the Subordinated Debt, as applicable. This Agreement is for Subordinated Creditor's and the First Lien Agent's and the First Lien Creditors' benefit and not for the benefit of any Obligor, any guarantor of any Obligor's obligations under the First Lien Debt and/or the Subordinated Debt or any other person. Each Secured Creditor reserves the right to grant participations in, or otherwise sell, assign, transfer or negotiate all or any part of, or any interest in, their respective Obligations; provided that no Secured Creditor shall be obligated to give any notices to or otherwise in any manner deal directly with any participant in the Obligations and no participant shall be entitled to any rights or benefits under this Agreement, except through the Secured Creditor with which it is a participant. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Any facsimile, "pdf", "tiff" or other copy hereof (in any format) shall be deemed to be an original for purposes of enforcement hereof. Any rule of construction to the effect that a contract is to be construed against a drafting party is expressly disclaimed. The term "including" is construed to mean "without limitation."

25. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflicts of laws principles. Subordinated Creditor, the First Lien Agent, First Lien Creditors and each Obligor submit to the non-exclusive jurisdiction of the state and federal courts located in Los Angeles, California, any action, suit, or Proceeding of any kind, against it which arises out of or by reason of this Agreement. Each Secured Creditor expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and each Secured Creditor hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Each Secured Creditor hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to such Secured Creditor at the address set forth on the signature page hereof, and that service so made shall be deemed completed upon the earlier to occur of such Secured Creditor's actual receipt thereof or two (2) business days after deposit by the First Lien Agent or the Subordinated Creditor, as the case may be, in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, SUBORDINATED CREDITOR AND THE FIRST LIEN AGENT EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that the foregoing jury trial waiver shall be severed from this Agreement and that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Los Angeles County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Los Angeles County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Los Angeles County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and order applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to the California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

26. The Subordinated Creditor hereby agrees that until the First Lien Termination Date has occurred it will not assert any rights of subrogation it may acquire as a result of any payment hereunder; provided that as between the Obligors, on the one hand, and the Subordinated Creditor, on the other hand, any such payment that is paid over to the First Lien Agent and/or the First Lien Creditors pursuant to this Agreement shall be deemed not to reduce any of the Subordinated Debt.

27. Each of First Lien Agent and Subordinated Creditor may demand specific performance of this Agreement and, on behalf of itself and the respective other Secured Creditors, hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense that might be asserted to bar the remedy of specific performance in any action which may be brought by the respective Secured Creditors.

28. This Agreement represents the entire agreement with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and commitments. Except as provided in Section 23, Subordinated Creditor is not relying on any representations by the First Lien Agent in entering into this Agreement, and Subordinated Creditor has kept and will continue to keep itself fully apprised of the financial and other condition of each Obligor. This Agreement may be amended only by written instrument signed by Subordinated Creditor and the First Lien Agent.

29. Each Obligor party hereto hereby, jointly and severally, agrees to pay, upon demand, to the First Lien Agent and/or Subordinated Creditor, as the case may be, the amount of any and all fees, charges, costs and expenses, including reasonable attorneys' fees and costs, both before and after judgment, that the First Lien Agent or Subordinated Creditor may incur under or in enforcement of this Agreement.

[Remainder of Page Intentionally Left Blank]

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

"First Lien Agent"	"Subordinated Creditor"
TRINAD CAPITAL MASTER FUND, LTD.	VALUEACT SMALLCAP MASTER FUND, L.P.
By: _____	By: _____
Name: Title:	Name: Title:
"First Lien Borrower"	"Second Lien Borrower"
Name: NeuMedia, Inc.	Name: Twistbox Entertainment, Inc.
By: _____	By: _____
Title: _____	Title: _____

EXECUTION VERSION

DEED POLL OF RELEASE

THIS DEED POLL is made this 21st day of June 2010

BETWEEN:

(1) NeuMedia, Inc., formerly known as Mandalay Media, Inc (for and on its behalf and on behalf of each of its affiliates (excluding Twistbox and AMV Holdings Limited and its subsidiares)). ("**NeuMedia**");

(2) Twistbox Entertainment, Inc. ("**Twistbox**");

(3) James Lefkowitz; and

(4) Russell Burke.

(each a "**Party**" and together the "**Parties**").

BY THIS DEED POLL THE PARTIES HEREBY AGREE TERMS AS FOLLOWS:

1. This Deed Poll hereby releases and forever discharges AMV Holding Limited, American Mobile Ventures Limited, Blue Stream Mobile Limited, Cell Media International Limited, Antiphony Limited and SkyNet Interactive Limited and each of Malcolm Cohen and Martha Thompson and (as applicable) their partners, agents, members, advisers and successors in office (including liquidators) (together the joint administrators of AMV Holding Limited (In administration) ("**Joint Administrators**")) from all and/or any actions, claims, rights, demands and set-offs, howsoever and whensoever arising and in whatever capacity held, including for the avoidance of doubt and without limitation any claims against the Joint Administrators personally and/or claims which may rank as an expense in the administration, whether in this jurisdiction or any other, either known or unknown to any of the Parties or to the law at the date of this Deed Poll, whether in law, equity or otherwise, arising out of or connected with or in any way relating to the appointment of the Joint Administrators to AMV Holding Limited, the conduct of the administration and/or any act, thing or transaction contemplated by the Letter Agreement between ValueAct SmallCap Master Fund, L.P. (including any affiliate thereof), NeuMedia, Jonathan Cresswell and Nathaniel MacLeitch dated as of the date hereof, and this shall include any such claims and counterclaims not currently in the contemplation of the Parties and those claims and counterclaims which it may not be possible to sustain at law at the date of this Deed Poll but which may be sustainable at law in the future (collectively the "**Released Claims**").

2. Each Party hereby covenants in favour of the Joint Administrators and each of them personally not to allege, impede or otherwise question anything arising out of or connected with or in any way relating to the Released Claims.

3. Each Party hereby covenants, on behalf of itself and on behalf of its parent, subsidiaries, assigns, transferees, representatives, principals, agents, officers or directors, in favour of the Joint Administrators and each of them personally, not to claim or sue, commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted against the Joint Administrators any action, suit or other proceeding concerning the Released Claims, in this jurisdiction or any other.

4. Each Party warrants and represents that it has not sold, transferred, assigned or otherwise disposed of its interest in the Released Claims.

5. The Parties agree and acknowledge that damages would not be an adequate remedy for a breach of this Deed Poll and the Parties, therefore, agree and acknowledge that the Joint Administrators and each of them personally are entitled to the remedies of injunction, specific performance and other equitable relief for a threatened or actual breach of any term of this Deed Poll by the Parties without proof of special damage and that the Parties will not allege or plead otherwise in the event that such relief is sought in respect of any breach or threatened breach of this Deed Poll.

6. Each Party warrants and represents that it has the full right, power and authority to execute, deliver and perform this Deed Poll.

7. This Deed Poll constitutes the entire agreement between the Parties with regard to its subject matter and supersedes the terms of all previous agreements whether written or oral between the Parties. No amendment, waiver, modification or other variation to this Deed Poll shall be effective unless the prior written consent of the Joint Administrators has been obtained, and it is in writing and signed by or on behalf of the Parties hereto.

8. This Deed Poll shall be governed by English law. Each Party irrevocably agrees that the High Court of Justice in England and Wales shall have non-exclusive jurisdiction to settle any matter, dispute or claim arising out of, in connection with or relating to this Deed Poll (including non-contractual disputes or claims). For the avoidance of doubt, nothing in this clause shall limit the right of each Party or the Joint Administrators and each of them personally, to commence proceedings in any other court of competent jurisdiction outside England and Wales and each of the Parties to this Deed Poll agrees to submit to the jurisdiction of such other court.

9. This Deed Poll may be entered into in the form of counterparts, each executed by or on behalf of one of the Parties, and provided that all Parties so enter into the Deed Poll, each of the executed counterparts shall be deemed to be an original but, taken together, they shall constitute one instrument.

This Deed Poll has been executed as a deed, and it has been delivered on the date stated at the beginning of this Deed Poll.

Signed as a deed by **NEUMEDIA, INC.**, formerly known as Mandalay Media, Inc. acting by James Lefkowitz

_____

Signed as a deed by **TWISTBOX ENTERTAINMENT, INC.** acting by David Mindell

_____

Signed as a deed by

_____

James Lefkowitz

in the presence of:

Witness Signature:

Witness name:

Witness address:

Signed as a deed by

_____

Russell Burke

in the presence of:

Witness signature:

Witness name:

Witness address:

NON-COMPETITION AGREEMENT

DATE

21 JUNE 2010

PARTIES

(1) **NEUMEDIA INC** (formerly known as Mandalay Media), Inc. incorporated under the laws of Delaware with company number 4423588 whose registered office is at 2000 Avenue of the Stars, Suite 410, Los Angeles, California (**NeuMedia**).

(2) **ANTIPHONY (MANAGEMENT HOLDINGS) LIMITED** a company incorporated and registered in England and Wales with company number 7283155 **whose** registered office is at 3 More London Riverside, London SE1 2AQ (**Newco**).

(3) **JACK CRESSWELL** of 86 Osborne **Road**, Windsor, Berkshire SL4 3EN (**Cresswell**) and **NATE MACLEITCH** of 101 Dudley Gardens, Ealing, London W13 9LU (**MacLeitch** and together with Cresswell **the AMV Executives**).

BACKGROUND

(A) B y an agreement of even date with this agreement ("**the Main Agreement**") between VAC (as defined in the Main Agreement), NeuMedia, each of AMV Executives (including in the case of MacLeitch in his capacity as Trustee for the AMV Founders under the AMV Note (each as defined in the Main Agreement)), and the Participating Investors with regard to the (i) partial satisfaction of the VAC Note, and (ii) satisfaction of the AMV Note (as defined in the Main Agreement)).

(B) In consideration of entering into the Main Agreement and further in consideration of their mutual undertakings as to the matters described herein, the AMV Executives and Newco (together **"the Covenantors**") agree to give to NeuMedia the covenants and undertakings herein contained and that upon execution by the parties hereto of this agreement, this agreement shall constitute the legally binding and enforceable agreement of the parties hereto.

(C) Each Covenantor acknowledges that businesses which will continue to be conducted by NeuMedia and its subsidiaries following the consummation of the transactions contemplated under the Main Agreement include, but are not limited to, those of operating adult websites which business is intensely competitive.

(D) NeuMedia and its subsidiaries has made significant efforts and incurred significant costs and expenditures in developing goodwill and relationships with customers, potential customers, suppliers, employees and others in business with the Midstream Parties, which each Covenantor acknowledges would be irreparably damaged by his or its competition with NeuMedia's business with any Midstream Party.

(E) Each Covenantor acknowledges that NeuMedia has been induced to enter into the Main Agreement by ensuring that this agreement will be delivered to NeuMedia upon the consummation of the transactions contemplated by the Main Agreement.

(F) As an inducement to NeuMedia to consummate the transactions contemplated by the Main Agreement, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, each Covenantor covenants and agrees with NeuMedia as follows:

AGREED TERMS

1. Interpretation

The following definitions and rules of interpretation in this clause apply in this agreement.

1.1 Definitions:

affiliate: shall have the meaning ascribed to such term in Rule 405 under the Securities Act of 1933 of the United States of America, as amended.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Group: in relation to a company, that company, any subsidiary or holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company.

holding company and **subsidiary:** mean a "holding company" and "subsidiary" as defined in section 1159 of the Companies Act 2006.

Insolvency Event: an event referred to in Clause 2.3.

Midstream Party (Parties): Midstream Media International, N.V., its holding company or any of its subsidiaries, including, but not limited to, you porn.com and any other domain name used by a Midstream Party.

Termination Date: the date determined in clause 2.2.

1.2 Clause and paragraph headings are inserted for convenience only and shall not affect the interpretation of this agreement.

1.3 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's personal representatives, successors or permitted assigns.

1.4 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.

1.5 Unless the context otherwise requires, words in the singular shall include the plural and in the plural include the singular.

1.6 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.7 A reference to any party shall include that party's personal representatives, successors and permitted assigns.

1.8 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time provided that, as between the parties, no such amendment, extension or re-enactment shall apply for the purposes of this agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party.

1.9 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.

1.10 Any reference to an English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include a reference to what most nearly approximates to the English legal term in that jurisdiction.

1.11 A reference to "this agreement" or to any other agreement or document referred to in this agreement is a reference to this agreement or such other document or agreement as varied or novated (in each case, other than in breach of the provisions of this agreement) from time to time.

1.12 References to clauses are to the clauses of this agreement;

1.13 Any words following the terms **including**, **include**, **in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.14 All words and phrases defined in the Main Agreement shall bear the same meaning where used in this agreement.

2. Covenant

2.1 Covenant Against Competition

During the period commencing the date hereof and terminating on the Termination Date:

2.1.1 each Covenantor shall not, directly or indirectly, either alone or in association with others, anywhere within the world, other than in the performance of his or her duties as an employee or consultant of NeuMedia or its affiliates knowingly, directly or indirectly, engage in any business with a Midstream Party; and

2.1.2 Cresswell and MacLeitch will not knowingly, directly or indirectly, consult with or do business with, advise, be a partner service provider, purchase goods of, joint venturer with, be a director or managing member of, or otherwise assist or provide services to, any Midstream Party

PROVIDED THAT

this agreement shall not in any way limit or restrict Cresswell, MacLeitch or Newco from engaging in an adult mobile advertising network or otherwise competing with any Midstream Party or from indirectly buying advertising from any Midstream Party without prejudice to NeuMedia's right to refuse to carry on business with a Midstream Party selling advertising to any Covenantor.

2.2 Duration of Covenant

The covenant set out in Clause 2.1 shall cease and terminate on the earlier to occur of:

2.2.1 the date that is 3 years following the Closing (as defined in the Main Agreement),

2.2.2 such time as NeuMedia and its subsidiaries shall cease to do business with all Midstream Parties (provided that none of Newco, Cresswell or MacLeitch will entice, encourage or influence, or attempt to entice, encourage or influence any Midstream Party to terminate or fail to renew any business relationship with NeuMedia or any of its subsidiaries) and

2.2.3 if NeuMedia or any of its subsidiaries shall be involved in financial difficulties as evidenced by an Insolvency Event.

2.3 Insolvency Events

For the purposes of Clause 2.2, Insolvency Event shall mean any of the following events:

2.3.1 by its commencement of a voluntary case under Title 11 of the United States Code as from time to time in effect, or by its authorizing, by appropriate proceedings of its Board of Directors or other governing body, the commencement of such a voluntary case;

2.3.2 by its filing an answer or other pleading admitting or failing to deny the material allegations of a petition filed against it commencing an involuntary case under said Title 11, or seeking, consenting to or acquiescing in the relief therein provided, or by its failing to controvert timely the material allegations of any such petition;

2.3.3 by the entry of an order for relief in any involuntary case commenced under said Title 11;

2.3.4 by its seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by its consenting to or acquiescing in such relief;

2.3.5 by the entry of an order by a court of competent jurisdiction (i) by finding it to be bankrupt or insolvent, (ii) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of its creditors, or (iii) assuming custody of, or appointing a receiver or other custodian for all or a substantial part of its property and such order shall not be vacated or stayed on appeal or otherwise stayed within 60 days; or

2.3.6 by its making an assignment for the benefit of, or entering into a composition with, its creditors, or appointing or consenting to the appointment of a receiver or other custodian for all or a substantial part of its property.

3. Injunctive Relief

3.1 NeuMedia and its subsidiaries shall be entitled to immediate, preliminary and permanent injunctive relief for any breaches of this agreement.

3.2 NeuMedia and its subsidiaries shall be entitled to such relief without the necessity of proving actual damages or posting a bond.in addition to, and not in lieu of, any other rights and remedies available to NeuMedia under law or in equity have the right and remedy to have the provisions of this agreement enforced by injunctive relief in any court of competent jurisdiction, it being agreed that any breach or threatened breach of this agreement would cause irreparable injury to NeuMedia and that damages would not provide an adequate remedy to NeuMedia.

4. Judicial Modification

4.1 The parties acknowledge and agree that the provisions of this agreement are reasonable and valid in duration and scope and in all other respects. Each Covenantor recognizes that the provisions of this agreement are necessary in order to protect the legitimate business interests of NeuMedia.

4.2 If any court of competent jurisdiction determines that any of the provisions of this agreement, or any part thereof, is invalid or unenforceable, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

5. Severability

The parties acknowledge and agree that, in the event that any of the provisions of this agreement are determined, notwithstanding Section 3 herein, to be invalid or unenforceable, the remainder of this agreement shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

6. Waiver

The waiver or consent by NeuMedia of any breach by each Covenantor of any provision of this agreement shall not operate as or be construed as a waiver or consent of any subsequent breach thereof.

7. Amendment

This agreement may be amended, modified, or terminated only by a written instrument executed by the parties hereto.

8. Successors and Assigns

Neither party's rights and obligations under this agreement may be assigned without the consent of the other parties. This agreement shall be binding upon and inure to the benefit of NeuMedia, its successors and permitted assigns. This agreement shall be binding upon each Covenantor and each Covenantor's successors and permitted assigns.

9. Applicable Law; Forum

This agreement shall be governed by the Laws of England and Wales and shall be subject to the exclusive jurisdiction of the English Courts.

10. Headings

Section and other headings contained in this agreement are for reference purposes only and are in no way intended to define, interpret, describe or otherwise limit the scope, extent or intent of this agreement or any of its provisions.

11. Costs

Each party shall bear its own fees, cost and expenses in any action at law or in equity (including arbitration) brought to enforce or interpret the terms of this agreement. Nothing contained herein, however, shall prevent a party from seeking reimbursement for reasonable legal fees, costs and disbursements in any such action.

12. Notices

All notices, requests, demands or other communications which are required or may be given pursuant to the terms of this agreement will be in writing and will be deemed to have been duly given (a) on the date established by the sender as having been delivered personally, (b) on the date delivered by a private courier as established by the sender by evidence obtained from the courier, (c) on the date sent by facsimile, with confirmation of transmission, if sent during normal business hours of the recipient, if not, then on the next business day, or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, to be valid, must be addressed as follows:

If to NeuMedia: NeuMedia, Inc.
2000 Avenue of the Stars, Suite 410, Los Angeles, California 90067
Attention: Chief Executive Officer
Telephone: (310) 601 2500
Fax: (310) 277 2741
With a copy to: General Counsel.

If to each Covenantor: Antiphony (Management Holdings) Limited
Liston Exchange
Liston Court
Marlow
SL7 1BG
Telephone: 01628 405 660
Fax: 01628 405 661
With copies to:
Jack Cresswell 86 Osborne Road, Windsor, Berkshire SL4 3EN and Nate MacLeitch 101 Dudley Gardens, Ealing, London W13 9LU and
Allison Bennington
Partner And General Counsel
Valueact Capital
435 Pacific Ave., 4th Floor

San Francisco, Ca 94133
Telephone. (415) 362-3700
Fax. (415) 362-5727
abennington@valueact.com

Such contact details may be changed, from time to time, by means of a notice given in the manner provided in this Clause 12.

13. Counterparts

This agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[The remainder of this page has been intentionally left blank.]

IN WITNESS of which the parties have executed and delivered this document as a deed on the date first above written.

EXECUTED and DELIVERED as a DEED)
By **NEUMEDIA, Inc**)
Acting by [ ])
In the presence of:) _____
Director

witness signature _____

witness name printed _____

witness address _____

_____

_____

witness occupation _____

EXECUTED and DELIVERED as a DEED)
By)
ANTIPHONY (MANAGEMENT HOLDINGS) LIMITED)
In the presence of:) _____
Director

witness signature _____

witness name printed _____

witness address _____

_____

_____

witness occupation _____

EXECUTED and DELIVERED as a DEED)
By **JACK CRESSWELL**)
In the presence of:)

witness signature _____

witness name printed _____

witness address _____

_____

_____

EXECUTED and DELIVERED as a DEED)
By **NATE MACLEITCH**)
In the presence of:)

witness signature _____

witness name printed _____

witness address _____

_____

21 June, 2010

NeuMedia, Inc.
2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

Antiphony (Management Holdings) Limited
3 More London Riverside
London SE1 2AQ

Re: Transfer of Earn Out Payments

Gentlemen:

This letter is delivered pursuant to Section 5 of that certain Letter Agreement dated June 13, 2010 ("**Letter Agreement**") among ValueAct SmallCap Master Fund, L.P., NeuMedia, Inc., formerly known as Mandalay Media, Inc. ("**NeuMedia**"), Jonathan Cresswell, Nathaniel MacLeitch (including in his capacity as Trustee for the AMV Founders under the AMV Note) and certain lead purchasers of the New Senior Notes. Capitalized terms used in this letter and not defined herein shall have the meanings given to them in the Letter Agreement.

Reference is made to Section 2.4 and related provisions of that certain Stock Purchase Agreement, dated as of October 8, 2008, as amended ("**Stock Purchase Agreement**"), between NeuMedia and the Sellers party to the Stock Purchase Agreement ("**Sellers**"), providing for certain Earn Out Payments.

In accordance with the Letter Agreement, effective as of the Closing Date, the undersigned, in his capacity as Sellers' Representative, as defined and specified in the Stock Purchase Agreement, hereby irrevocably terminates and cancels any and all obligations of NeuMedia, or any of its affiliates, with respect to the Earn Out Payments, whether arising before or after the Closing Date; provided, however, the obligations with respect to the Earn Out Payments, including the Sellers' claim for Earn Out Payments for the period ended 31 March 2010, will be transferred to and assumed by Newco in a manner that is intended to retain the capital gains tax treatment of such payments and, for the avoidance of doubt, all obligations of NeuMedia or any of its affiliates with respect to such payments shall be discharged in full and NeuMedia makes no admission regarding such obligations. Newco (now known as Antiphony (Management Holdings) Limited) hereby agrees with the Sellers' Representative that the Earn Out Payments amount to £1,711,000 and are due and payable today. Notwithstanding the foregoing, the Sellers are entitled to keep and shall have no obligation to reimburse any Earn-Out Payments paid to the Sellers on or prior to the date hereof.

The undersigned represents and warrants that he is the duly appointed and acting Sellers' Representative, and has the requisite power and authority on behalf of the Sellers under the Stock Purchase Agreement to execute this letter on behalf of, and bind the Sellers hereto as if they were parties hereof. This letter shall be governed by and construed in accordance with the internal, substantive laws of the State of Delaware.

[Remainder of page intentionally left blank.]

Very truly yours,

Nathaniel MacLeitch, Sellers' Representative

Agreed and accepted as of the date first written above:

NEUMEDIA, INC.

By: _____
Name:
Title:

Agreed and accepted as of the date first written above:
ANTIPHONY (MANAGEMENT HOLDINGS) LIMITED.

By: _____
Name:
Title:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THIS NOTE AMENDS AND RESTATES THAT CERTAIN SENIOR SECURED NOTE DATED AS OF JULY 30, 2007 (AS THE SAME MAY HAVE BEEN AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME PRIOR TO THE DATE HEREOF) ISSUED IN AN AGGREGATE PRINCIPAL AMOUNT EQUAL TO SIXTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS AND ZERO CENTS ($16,500,000.00) PURSUANT TO THE SECURITIES PURCHASE AGREEMENT, DATED AS OF JULY 30, 2007 (AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, THE "SECURITIES PURCHASE AGREEMENT") BY AND AMONG THE COMPANY AND THE INVESTOR PARTY THERETO, AND THIS NOTE IS ENTITLED TO THE BENEFITS OF THE SECURITIES PURCHASE AGREEMENT AND TO THE EXERCISE OF THE REMEDIES PROVIDED THEREBY OR OTHERWISE AVAILABLE IN RESPECT THEREOF.

ALL INDEBTEDNESS EVIDENCED BY THIS NOTE IS SUBORDINATED TO OTHER INDEBTEDNESS PURSUANT TO, AND TO THE EXTENT PROVIDED IN, AND IS OTHERWISE SUBJECT TO THE TERMS OF, THE SUBORDINATION AGREEMENT, DATED AS OF JUNE 21, 2010 (THE "SUBORDINATION AGREEMENT"), AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, BY AND AMONG THE INVESTOR, THE COMPANY, TRINAD CAPITAL MASTER FUND, LTD. AND NEUMEDIA, INC.

$ 3,500,000

TWISTBOX ENTERTAINMENT, INC.

AMENDED AND RESTATED SENIOR SUBORDINATED SECURED NOTE DUE JUNE 21, 2013

Section 1. General.

FOR VALUE RECEIVED, TWISTBOX ENTERTAINMENT, INC., a Delaware corporation (the "**Company**"), hereby promises to pay to the order of VALUEACT SMALLCAP MASTER FUND, L.P. ("**ValueAct**", and together with its successors and assigns, the "**Investor**"), the principal sum of THREE MILLION FIVE HUNDRED THOUSAND DOLLARS AND ZERO CENTS ($3,500,000.00), or such lesser amount as shall then equal the outstanding principal amount hereof, together with interest ("**Interest**") thereon at a rate (the "**Interest Rate**") equal to 10.0% per annum from, and including, June 21, 2010 to, but excluding, June 21, 2013, each computed on the basis of a year of 360 days comprised of twelve 30 day months. All unpaid principal, together with any then unpaid and accrued interest and other amounts payable hereunder, shall be due and payable on the earlier of (i) June 21, 2013 (the "**Maturity Date**") or (ii) when such amounts become due and payable as a result of, and following, an Event of Default in accordance with Section 3.

This Note (the "**Note**") shall be prepayable without penalty, in whole or in part, at any time at the Company's option at 100% of the principal amount plus accrued but unpaid interest to and including the date of prepayment. Any prepayments will be applied first to any accrued but unpaid interest and then to unpaid principal.

Capitalized terms used herein without definition have the meanings assigned thereto in the Securities Purchase Agreement. In the event of any conflict between this Note and the Securities Purchase Agreement, the provisions of this Note shall control. Unless the context otherwise requires, an accounting term not otherwise defined has the meaning assigned to it in accordance with the United States generally accepted accounting principles ("**GAAP**").

Interest on this Note shall accrue from, and including, the date hereof through and until repayment of the principal amount of this Note and payment of all Interest in full, and shall be payable in cash semi-annually in arrears on each January 1 and July 1 that the Notes are outstanding or, if any such date shall not be a Business Day, on the next succeeding Business Day to occur after such date (each date upon which interest shall be so payable, an "**Interest Payment Date**"), to holders of record on each preceding December 15 and June 15 to the applicable Interest Payment Date, beginning on July 1, 2010, by wire transfer of immediately available funds to an account at a bank designated in writing by the Investor on reasonable notice.

Notwithstanding the foregoing provisions of this Section 1, any overdue principal of, overdue Interest on, and any other overdue amounts payable under, this Note shall bear interest, payable on demand in immediately available funds, for each day from the date payment thereof was due to the date of actual payment at a rate equal to the sum of (i) the Interest Rate and (ii) an additional two percent (2.00%) per annum. Subject to applicable law, any interest that shall accrue on overdue interest on this Note as provided in the preceding sentence and shall not have been paid in full in cash on or before the next Interest Payment Date to occur after the date on which the overdue interest became due and payable shall itself be deemed to be overdue interest on this Note to which the preceding sentence shall apply. In addition, notwithstanding the foregoing provisions of this Section 1, if an Event of Default has occurred and is continuing, then, so long as such Event of Default is continuing, all outstanding principal of this Note shall bear interest, after as well as before judgment, at a rate equal to the sum of (i) the Interest Rate and (ii) an additional two percent (2.00%) per annum.

Notwithstanding anything to the contrary set forth herein, until (and including) the Interest Payment Date occurring on January 1, 2012, the Company may, at its option, in lieu of making any cash payment to the Investor with respect to the Interest Payment Dates occurring on or before January 1, 2012, elect that the amount of any Interest due and payable on such date be added to the principal amount then due under this Note. This election by the Company to pay the Interest by adding the amount of such payment to the principal under this Note is hereafter referred to as the "**PIK Election**." The Company shall provide written notice of the PIK Election to the Investor at least five (5) days before the applicable Interest Payment Date. For the avoidance of doubt, immediately after each PIK Election, the outstanding principal amount of the Note shall equal the sum of (i) the outstanding principal amount of the Note immediately before the PIK Election, and (ii) the amount of Interest otherwise due and payable on the applicable Interest Payment Date.

In accordance with Section 1(d) of the letter agreement dated as of June 21, 2010, by and among the Investor, the Guarantor, the Lead Participating Investors party thereto, Jonathan Cresswell and Nathaniel MacLeitch (the "**Letter Agreement**"), if and to the extent that, the Guarantor or any other Obligor (as defined in the Subordination Agreement) receives cash proceeds from the sale of the Assets (as defined in the Letter Agreement) pursuant to Section 1(d)(x) of the Letter Agreement, the Guarantor or such Obligor shall promptly: remit (and the First Lien Agent and the First Lien Creditors (each as defined in the Subordination Agreement) consent to such remittance) such cash sales proceeds to Investor to pay in cash the obligations then outstanding under this Note (and Investor agrees that it will accept such amounts in payment of the Note and, to the extent such amounts represent a satisfaction in full in cash of the principal amount of this Note and all interest, fees, and all other amounts then due under the Note, it will mark this Note "Cancelled" and return it to the Company).

Section 2. Repurchase Right Upon a Fundamental Change.

Notwithstanding anything to the contrary contained herein and in addition to any other right of the Investor, upon the occurrence of a Fundamental Change the Investor shall have the right for a period of thirty days, by written notice to the Company, to require the Company to repurchase all of this Note on the repurchase date that is five Business Days after the date of delivery of such notice to the Company at a price equal to 100% of the outstanding principal amount under this Note plus all accrued and unpaid interest on such principal amount to, but excluding, the date of such repurchase plus any other amounts due hereunder. A "**Fundamental Change**" shall be deemed to have occurred upon the occurrence of any of the following events: (a) any merger or consolidation of the Company with or into another Person or any sale of all or substantially all of the stock or assets of the Company, unless (i) the holders of capital stock of the Company immediately prior to such transaction are entitled to exercise, directly or indirectly, 50% or more of the voting power of all shares of capital stock entitled to vote generally in the election of directors of the continuing or surviving corporation, and (ii) such Fundamental Change does not result in a reclassification, conversion, exchange or cancellation of the Common Stock, (b) the approval of a plan relating to the liquidation or dissolution of the Company by its stockholders, (c) the Company's first domestic or foreign public offering of its capital stock, (d) a consolidation or merger of NeuMedia, Inc., formerly known as Mandalay Media, Inc. (the "**Guarantor**") with or into any other corporation or corporations, (e) a sale of all or substantially all of the assets of the Guarantor, (f) the issuance and/or sale by the Guarantor in a single or integrated transaction of shares of common stock (or securities convertible into shares of common stock) constituting a majority of the shares of common stock outstanding immediately following such issuance (treating all securities convertible into shares of common stock as having been fully converted and all options and other rights to acquire shares of common stock or securities convertible into shares of common stock as having been fully exercised), (g) any other form of acquisition or business combination where the Guarantor is the target of such acquisition and where a change in control occurs such that the Person or entity seeking to acquire the Guarantor has the power to elect a majority of the board of directors of the Company as a result of the transaction (each such event an "**Acquisition**"), and (h) any liquidation, dissolution or winding up of the Guarantor, provided, however, that (A) any conversion of the two senior notes, dated as of the date hereof, issued by the Guarantor in the principal amount of $1,500,000 and $1,000,000, respectively (the "**NeuMedia Notes**") into equity of the Guarantor, (B) the exercise of any rights under a Warrant Agreement between the Guarantor and each of the purchasers of the NeuMedia Notes and the issuance of shares of capital stock of the Guarantor in respect of such exercise or (C) the issuance of any capital stock or options, rights or warrants to purchase capital stock of the Guarantor to Rob Ellin, Trinad, Peter Guber, Paul Schaeffer or any of their respective affiliates, shall not constitute a change of control. A "**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

Section 3. Events of Defaults.

The occurrence of any of the following shall constitute an "**Event of Default**" under this Note:

(a) The Company shall fail to pay any principal owing under this Note when due; or

(b) The Company shall fail to pay any interest owing under this Note when due, and such failure shall continue for fourteen (14) days; or

(c) The Guarantor, the Company or any Subsidiary shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Note (other than those specified in clauses (a) or (b) above), the Amended and Restated Guaranty, dated as of the date hereof, made by Guarantor in favor of the Investor (as the same may be amended, supplemented or otherwise modified from time to time, and together with all other documents, agreements and instruments executed in connection therewith, the "**Guaranty**") or the Amended and Restated Guarantee and Security Agreement, dated the date hereof, among the Company, the Guarantor, the subsidiaries party thereto and ValueAct SmallCap Master Fund, L.P., as Collateral Agent for the benefit of the Investor (as the same may be amended, supplemented or otherwise modified from time to time, and together with all other documents, agreements and instruments executed in connection therewith, the "**Guarantee and Security Agreement**"), and, to the extent such failure is capable of being cured, such failure shall continue for fourteen (14) days after notice is given to the Company by the Investors holding more than 25% of the aggregate principal balance of the Notes then outstanding; or

(d) The Guarantor, the Company or any Subsidiary shall (i) fail to make any payment when due under the terms of any bond, debenture, note or other evidence of Indebtedness (as defined below) to be paid by the Guarantor, the Company or such Subsidiary (excluding this Note, which default is addressed by clauses (a) and (b) above, but including any other evidence of Indebtedness of the Guarantor, the Company or such Subsidiary) and such failure shall continue beyond any period of grace provided with respect thereto, or (ii) default in the observance or performance of any other agreement, term or condition contained in any such bond, debenture, note or other evidence of Indebtedness, and the effect of such failure or default is to cause, or permit the holder thereof to cause, Indebtedness of the Guarantor, the Company and the Subsidiaries in an aggregate amount of Two Hundred and Fifty Thousand Dollars ($250,000) or more to become due prior to its stated date of maturity; or

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Guarantor, the Company or any Subsidiary or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Guarantor, the Company or any Subsidiary or for a substantial part of the Guarantor's, the Company's or such Subsidiary's assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(f) The Guarantor, the Company or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (e) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Guarantor, the Company or any Subsidiary or for a substantial part of the Guarantor's, the Company's or such Subsidiary's assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; or

(g) Except for such matters disclosed on Exhibit A hereto, one or more judgments for the payment of money in an amount in excess of Two Hundred and Fifty Thousand Dollars ($250,000) in the aggregate, outstanding at any one time, shall be rendered against the Guarantor, the Company and the Subsidiaries and the same shall remain undischarged for a period of sixty (60) days during which execution shall not be effectively stayed, or any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the property of the Guarantor, the Company or any Subsidiary and such judgment, writ, or similar process shall not be released, stayed, vacated or otherwise dismissed within sixty (60) days after issue or levy; or

(h) Any Note, the Guarantee and Security Agreement or the Guaranty shall be asserted in writing by the Guarantor, the Company or any Subsidiary not to be in full force and effect, or the Guarantor, the Company or any Subsidiary shall disavow any of its obligations thereunder; or

(i) Any Lien purported to be created under the Guarantee and Security Agreement shall be asserted by the Company or any Subsidiary not to be, a valid and perfected Lien on any Collateral, with the priority required by the Guarantee and Security Agreement; or

(j) The Company shall have failed to make filings within sixty (60) days of the date hereof with the United States Patent and Trademark Office in respect of the security interests granted in the Company's Trademarks (as defined in the Guarantee and Security Agreement) to the Investor under the Guarantee and Security Agreement; or

(k) Any Event of Default under and as defined in the Guarantee and Security Agreement shall have occurred; or

(l) Guarantor is in default under the NeuMedia Notes.

Section 4. Rights Of Investor Upon Default.

Upon the occurrence or existence of any Event of Default (other than an Event of Default referred to in Sections 3(e) or 3(f) hereof) and at any time thereafter during the continuance of such Event of Default, the Investor may, upon the approval of Investor holding more than 25% of the aggregate principal balance of the Notes then outstanding, by written notice to the Company, declare all outstanding amounts payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding. Upon the occurrence or existence of any Event of Default described in Sections 3(e) or 3(f) hereof, immediately and without notice, all outstanding amounts payable by the Company hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding. In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, the Investor may exercise, upon the approval of Investor holding more than a majority of the aggregate principal balance of the Notes, any other right, power or remedy permitted to it by law, either by suit in equity or by action at law, or both

Section 5. Affirmative Covenant, Board Observer Rights. For as long as the Note remains outstanding, the Investor shall have the right, but not the obligation, to designate one individual reasonably acceptable to the Guarantor to serve as an observer (the "**Observer**") who shall be entitled to attend all meetings of each of the boards of directors of the Guarantor, the Company, or any Subsidiary (each, a "**Board**"), and any committee thereof in a nonvoting, observer capacity, and to receive (on a concurrent basis) copies of all notices, minutes, consents and other materials that the Guarantor provides to its directors; provided, however, that the Observer shall execute a confidentiality agreement, reasonably satisfactory to the Guarantor, with respect to the information to be provided or the matters to be discussed at any meeting of the Board. Notwithstanding the foregoing, the Guarantor reserves the right to withhold any information and exclude such Observer from any meeting of the Board, or any portion thereof, if access to such information or attendance at such meeting could (based on the advice of the Guarantor's counsel) adversely affect the attorney-client privilege with respect to any matters to be discussed or any matters included in the information to be distributed. The Guarantor hereby approves Ms. Allison Bennington and Mr. Jimmy Price to serve as an Observer.

Section 6. Negative Covenants.

Until all principal and interest and any other amounts due and payable under this Note have been paid in full in cash, the Company (and the Guarantor, in the case of Section 6(b) and 6(e)) shall not, and shall not permit any Subsidiary to, without the prior written approval of the Investor holding a majority in principal amount of the Notes:

(a) *Indebtedness*. Incur, create, assume or permit to exist any Indebtedness, except

(i) guarantees of the NeuMedia Notes by the Company and any Grantor (as defined in the Guarantee and Security Agreement), provided that the outstanding principal amount (and the guaranteed amount permitted under this Section 6(a)(i)) of the NeuMedia Notes does not exceed $2,500,000;

(ii) Indebtedness under this Note, the Guarantee and Security Agreement, the guarantee given by AMV Holding Limited and the debenture securing such guarantee dated August 23, 2008; and

(iii) unsecured Indebtedness, provided the Indebtedness is expressly subordinate in right of payment to the Note on terms acceptable to ValueAct.

"**Indebtedness**" means (i) all indebtedness, whether or not contingent, for borrowed money or for the deferred purchase price of property or services (but excluding trade accounts payable in the ordinary course of business not overdue for more than sixty (60) days), (ii) any other indebtedness that is evidenced by a note, bond, debenture or similar instrument, (iii) all obligations under financing leases or letters of credit, (iv) all obligations in respect of acceptances issued or created, (v) all liabilities secured by any lien on any property, and (vi) all guarantee obligations, in each case including the principal amount thereof, any accrued interest thereon and any prepayment premiums or fees or termination fees with respect thereto.

(b) *Affiliate Transaction*. Excluding (x) the transactions with Affiliates as of the date hereof and as set forth on Exhibit B hereto (each, an "**Existing Affiliate Transaction**") and (y) transactions between or among the Company, the Guarantor and its Subsidiaries, enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate (each, an "**Affiliate Transaction**"), unless

(i) the Affiliate Transaction is in the ordinary course of and pursuant to the reasonable requirements of the Guarantor's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Guarantor or such Subsidiary than would obtain in a comparable arm's length transaction with a Person not an Affiliate; and

(A) if the Affiliate Transaction or series of related Affiliate Transactions involves aggregate consideration less than or equal to $250,000, the Guarantor shall deliver to the Investor a resolution of the Board of Directors of the Guarantor set forth in an officers' certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Guarantor; and

(B) if the Affiliate Transaction or series of related Affiliate Transactions involves aggregate consideration greater than $250,000, the Guarantor shall either deliver to the Investor an opinion as to the fairness to the Guarantor of such Affiliate Transaction from financial point of view issued by an accounting, appraisal or investment banking firm of national standing or shall receive the Investor's affirmative written consent.

For the avoidance of doubt, neither this covenant nor any other shall prohibit or restrict any distribution of any cash between any direct or indirect wholly-owned subsidiaries of the Guarantor or to the Guarantor from any direct or indirect wholly-owned subsidiary of the Guarantor.

(c) *Dividends*. Declare or make, or agree to declare or make, directly or indirectly, any dividends on any Equity Interests (as defined in the Guarantee and Security Agreement) or apply any of its property or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other retirement of, or make any other distribution by reduction of capital or otherwise in respect of, any Equity Interests, except repurchases of equity incentive grants issued to employees, officers, directors and agents of the Company and its Subsidiaries in the ordinary course of business, provided that such repurchases shall not exceed $150,000 in any twelve (12) month period.

(d) *Subsidiaries*. Create, own or acquire any Subsidiary (other than any Subsidiary owned as of the date hereof), except that the Company and its wholly-owned subsidiaries may create or own wholly-owned Subsidiaries, provided that any such Subsidiary created or owned in reliance of this Section 6(d) shall execute a joinder to the Guarantee and Security Agreement in form and substance satisfactory to the Investor in its sole discretion.

(e) *Management.* Pay any compensation (including, without limitation, base salary, bonus and benefits), management fees or other payments of any kind to Rob Ellin and/or Trinad Capital Management, LLC or any of its affiliates in the aggregate in any twelve (12) month period in excess of $360,000 provided however that the Guarantor may only make cash payments thereon up to $180,000 in any such twelve (12) month period and any amounts not paid in cash shall be deferred until this Note is paid in full; provided further that all or part of the deferred portion may be paid in kind by issuance of Guarantor common stock on such terms as may be approved by the disinterested directors of the Guarantor's Board of Directors (which shall, for such purposes, not include Rob Ellin, Peter Guber and Paul Schaeffer).

Section 7. Defenses.

The obligations of the Company under this Note shall not be subject to reduction, limitation, impairment, termination, defense, set-off, counterclaim or recoupment for any reason.

This Note is a senior secured obligation of the Company. The Company's obligations under this Note are (i) guaranteed by the Guarantor and by the subsidiaries of the Guarantor and (ii) secured by a security interest in substantially all of the assets of the Guarantor and such Subsidiaries, in each case pursuant to the terms and provisions of the Guaranty and the Guarantee and Security Agreement. This Note is subject to the terms and provisions of the Guaranty and the Guarantee and Security Agreement, and the Investor, by its acceptance of this Note, hereby acknowledges and agrees to such terms and provisions.

Section 8. Transfer of Note; Lost or Stolen Note.

(a) The Investor may sell, transfer or otherwise dispose of all or any part of this Note (including without limitation pursuant to a pledge) to any Person or entity as long as such sale, transfer or disposition is in accordance with the provisions of the Securities Purchase Agreement. From and after the date of any such sale, transfer or disposition, the transferee hereof shall be deemed to be the holder of a Note in the principal amount acquired by such transferee, and the Company shall, as promptly as practicable, issue and deliver to such transferee a new Note identical in all respects to this Note, in the name of such transferee and, if such transferee acquires less than the entire principal amount of this Note, the Company shall contemporaneously issue to the Investor a new Note identical in all respects to this Note, representing the outstanding balance of this Note. The Company shall be entitled to treat the original Investor as the holder of this entire Note unless and until it receives written notice of the sale, transfer or disposition hereof.

(b) Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Note, and (in the case of loss, theft or destruction) of indemnity or security reasonably satisfactory to the Company, and upon surrender and cancellation of the Note, if mutilated, the Company shall execute and deliver to the Investor a new Note identical in all respects to this Note.

Section 9. Attorneys' and Collection Fees.

Should the indebtedness evidenced by this Note or any part hereof be collected at law or in equity or in bankruptcy, receivership or other court proceedings, the Company agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collection, including reasonable attorneys' fees and expenses, incurred by the Investor or its agent in collecting or enforcing this Note.

Section 10. Indemnification

(a) The Company shall indemnify the Investor, and any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Investor (each an "**Affiliate**" of the Investor) (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges, disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee by a third party arising out of, in connection with, or as a result of (i) the execution or delivery of this Note, the Securities Purchase Agreement, the Guarantee and Security Agreement, the Guaranty or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of or the use of the proceeds therefrom, (ii) the breach by the Company or any Subsidiary of any representation, warranty, covenant or agreement contained herein, in the Securities Purchase Agreement, the Guaranty or in the Guarantee and Security Agreement, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by judgment of a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of such Indemnitee.

(b) To the extent permitted by applicable law, the Company shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages arising out of, in connection with, or as a result of, this Note, the Securities Purchase Agreement, the Guarantee and Security Agreement or any agreement or instrument contemplated hereby or thereby, or the use of the proceeds thereof, other than claims predicated upon the gross negligence or willful misconduct of such Indemnitee.

Section 11. Waivers.

(a) The Company hereby waives presentment, demand for payment, notice of dishonor, notice of protest and all other notices or demands in connection with the delivery, acceptance, performance or default of this Note. No delay by the Investor in exercising any power or right hereunder shall operate as a waiver of any power or right, nor shall any single or partial exercise of any power or right preclude other or further exercise thereof, or the exercise thereof, or the exercise of any other power or right hereunder or otherwise; and no waiver whatsoever or modification of the terms hereof shall be valid unless set forth in writing by the Investor and then only to the extent set forth therein.

(b) The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Note; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Investor, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 12. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Note may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and Investor holding more than 75% of the aggregate principal balance of the Notes.

Section 13. Governing Law; Jurisdiction; Consent to Service of Process; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND NEW YORK CIVIL PRACTICE LAWS AND RULES 327(b).

(b) THE COMPANY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES' DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN CONNECTION WITH THIS NOTE OR THE NEUMEDIA NOTES, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT INVESTOR MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST THE COMPANY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) THE COMPANY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE, THE SECURITIES PURCHASE AGREEMENT OR THE GUARANTEE AND SECURITY AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 15. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

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

Section 14. Successors and Assigns.

The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors (whether by merger or otherwise) and permitted assigns of the Company and the Investor. The Company may not assign its rights or obligations under this Note.

Section 15. Notices.

Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be delivered in accordance with Section 9.4 of the Securities Purchase Agreement.

Section 16. Entire Agreement.

The Securities Purchase Agreement, the Notes, the Guaranty, the Guarantee and Security Agreement and the other Secured Transaction Documents (as defined in the Guarantee and Security Agreement) constitute the full and entire understanding and agreement between the parties with regard to the subjects hereto and thereof.

Section 17. Headings.

The headings used in this Note are used for convenience only and are not to be considered in construing or interpreting this Note.

Section 18. Severability.

In case any one or more of the provisions of this Note shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the fullest extent permitted by law.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Amended and Restated Senior Subordinated Secured Note to be duly executed by its duly authorized officer as of the date indicated below.

Date: June 21, 2010

TWISTBOX ENTERTAINMENT, INC.

By: _____
Name:
Title:

Consented by (pursuant to the Guaranty, given as of June 21, 2010, by the Guarantor to the Investors):

NEUMEDIA, INC., formerly known as Mandalay Media, Inc.

By: _____
Name: [ ]
Title: [ ]

Note No. [2]
Amount: $3,500,000
Investor Name: ValueAct SmallCap Master Fund, L.P.
Address:
Telephone:
Facsimile:

EXHIBIT A

Existing Litigation

1. Any litigation arising from the conduct of the AMV subsidiaries after the date of this Note.

2. Any claim or litigation involving Vivid Media, Inc.

3. Any claims or litigation involving Penthouse.

4. Any claims or litigation involving Cardplayer.

5. Any claims or litigation involving former legal counsel to NeuMedia, Inc.

EXHIBIT B

Existing Affiliate Transactions

- Trinad management agreement - $90,000 per quarter through September 2011;
- Trinad – rental sublet of Century City office – month to month – presently at $5,000 per month; and
- Berkshire holdings - rental of Sherman Oaks office premises - $21,000 per month through July 15, 2010.

AMENDED AND RESTATED GUARANTY

ALL INDEBTEDNESS EVIDENCED BY THIS GUARANTY IS SUBORDINATED TO OTHER INDEBTEDNESS PURSUANT TO, AND TO THE EXTENT PROVIDED IN, AND IS OTHERWISE SUBJECT TO THE TERMS OF, THE SUBORDINATION AGREEMENT, DATED AS OF JUNE 21, 2010 (THE "SUBORDINATION AGREEMENT"), AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, BY AND AMONG VALUEACT, THE COMPANY, TRINAD CAPITAL MASTER FUND, LTD. AND THE GUARANTOR.

This Amended and Restated Guaranty (this "***Guaranty***") is given as of June 21, 2010, by NEUMEDIA, INC. formerly known as Mandalay Media, Inc., a Delaware corporation (the "***Guarantor***") to VALUEACT SMALLCAP MASTER FUND, L.P. ("***ValueAct***").

WHEREAS, Twistbox Entertainment, Inc. (the "***Company***") is indebted to ValueAct in the principal amount of $3,500,000 pursuant to an Amended and Restated Senior Subordinated Secured Note due June 21, 2013, dated June 21, 2010, (as amended, supplemented or otherwise modified from time to time, the "***Note***");

WHEREAS, the Guarantor has agreed to guarantee all the obligations of the Company under the Note in the terms and conditions set forth in this Guaranty; and

WHEREAS, this Guaranty amends and restates that certain Guaranty, given as of February 12, 2008, by the Guarantor to ValueAct, as the same may have been amended, supplemented or otherwise modified from time to time prior to the date hereof (the "***Original Guaranty***").

NOW, THEREFORE, the Guarantor, in consideration of the foregoing, agrees as follows. Capitalized terms used but not defined herein shall have the meanings set forth in that certain Amended and Restated Guarantee and Security Agreement, dated as of June 21, 2010, by and among the Company, the Guarantor, the subsidiaries party thereto and ValueAct, as collateral agent (as the same may be amended, supplemented or otherwise modified from time to time, and together with all other documents, agreements and instruments executed in connection therewith, the "***Guarantee and Security Agreement***").

1. Guaranty. Subject to the other terms and the limitations contained in this Guaranty, the Guarantor does hereby guarantee to ValueAct the payment by the Company of principal plus all accrued but unpaid interest (the "***Guaranteed Amount***") under the Note in accordance in all material respects with the terms, conditions and limitations contained in the Note (the "***Obligations***"). In the event of a default in payment of the Obligations by the Company under the Note, upon receipt of written notice of such default from ValueAct (which notice shall specify the nature of such default and any dispute between ValueAct and the Company with respect thereto), the Guarantor shall forthwith pay the same, provided, however, that the Guarantor may (or may cause the Company) to cure such default within a period of 5 business days after the date on which written notice specifying such default shall have been given by ValueAct to the Guarantor. The Guarantor's obligations under this Guaranty shall be subject to the limitation that in no event shall the Guarantor be required to expend more than the Guaranteed Amount in the performance of its obligations under this Guaranty and in no event shall the Guarantor be required to expend any amount with respect to fees, costs, expenses or other amounts.

2. Scope and Duration of Guaranty. Subject to the limitations set forth herein, this Guaranty shall continue in full force and effect until the Company or the Guarantor shall have satisfactorily performed or fully discharged the Obligations. Further, this Guaranty (a) shall remain in full force and effect without regard to, and shall not be affected or impaired by any invalidity, irregularity or unenforceability in whole or in part of this Guaranty, and (b) shall be discharged only by complete performance of the undertakings contained herein (subject to the limitations set forth herein); provided, that the Guarantor shall have the full benefit of all defenses, setoffs, counterclaims, reductions, diminution or limitations of any Obligations available to the Company pursuant to or arising from the Note or otherwise.

3. Waivers and Acknowledgments. The Guarantor hereby unconditionally and irrevocably waives:

(a) promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Obligations and this Guaranty and any requirement that any Investors protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Grantor or any other Person;

(b) any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Obligations, whether existing now or in the future;

(c) (i) any defense arising by reason of any claim or defense based upon an election of remedies by any Investors that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Guarantor or other rights of the Guarantor to proceed against any of the other Grantors, any other guarantor or any other Person, and (ii) any defense based on any right of set-off or counterclaim against or in respect of the Obligations of the Guarantor hereunder;

(d) any duty on the part of any Investors to disclose to the Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor or any of its Subsidiaries now or hereafter known by such Investors; and

(e) the Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Note and the Guaranty and Security Agreement and that the waivers set forth in this Section 3 and Section 4 are knowingly made in contemplation of such benefits.

4. Guarantee Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Note and the Guaranty and Security Agreement, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Collateral Agent or any Investors with respect thereto. The Obligations of the Guarantor under or in respect of this Guaranty are independent of the Obligations or any other obligations of any other Grantor under or in respect of the Note and the Guaranty and Security Agreement, and a separate action or actions may be brought and prosecuted against each Grantor to enforce this Guarantee, irrespective of whether any action is brought against the Company or any other Grantor or whether the Company or any other Grantor is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and the Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of the Note, the Guaranty and Security Agreement or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations or any other obligations of any other Grantor under or in respect of the Note or the Guaranty and Security Agreement, or any other amendment or waiver of or any consent to departure from the Note or the Guaranty and Security Agreement, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to any Grantor or any of its Subsidiaries or otherwise;

(c) any taking, release or amendment or waiver of, or consent to departure from, any other guarantee, for all or any of the Obligations it being understood that any such amendment, waiver or consent shall be applicable to the Obligations;

(d) any change, restructuring or termination of the corporate structure or existence of any Grantor or any of its Subsidiaries;

(e) any failure of any Investors to disclose to any Grantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor now or hereafter known to such Investors (each Subsidiary Guarantor waiving any duty on the part of the Investors to disclose such information);

(f) the failure of any other Person to execute or deliver this Guaranty, any supplement or any other guarantee or agreement or the release or reduction of liability of the Guarantor or other guarantor or surety with respect to the Obligations; or

(g) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Investors that might otherwise constitute a defense available to, or a discharge of, any Grantor or any other guarantor or surety, in each case other than payment in full of the Obligations (other than contingent indemnification obligations).

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

5. Subrogation. The Guarantor hereby agrees that until the payment and discharge in full and/or waiver of performance of the Obligations, it shall not exercise any right or remedy arising by reason of the performance of any of its obligations under this Guaranty, whether by subrogation or otherwise, against the Company.

6. Transfer of Guaranty. Upon written notice to the Guarantor, ValueAct may transfer its rights under this Guaranty to any party to whom it sells, transfers or otherwise disposes of all or any part of the Note.

7. Security. This Guaranty is secured pursuant to the Guarantee and Security Agreement.

8. Reaffirmation of Guaranty. The Guarantor hereby (i) acknowledges receipt of a copy of the Note; (ii) consents to the execution and delivery thereof by the Company; (iii) agrees to be bound thereby; (iv) affirms that nothing contained therein shall modify in any respect whatsoever its guarantee of the obligations of the Company to ValueAct pursuant to the Note, and (v) reaffirms that the guarantee of the Note is and shall continue to remain in full force and effect.

9. Covenants.

(a) The Guarantor shall, at all times, own, beneficially and of record, 100% of all of the Equity Interests of the Company.

(b) For as long as the Note remains outstanding, the Investor shall have the right, but not the obligation, to designate one individual reasonably acceptable to the Guarantor to serve as an observer (the "***Observer***") who shall be entitled to attend all meetings of each of the boards of directors of the Guarantor, the Company, or any Subsidiary (each, a "***Board***"), and any committee thereof in a nonvoting, observer capacity, and to receive (on a concurrent basis) copies of all notices, minutes, consents and other materials that the Guarantor provides to its directors; provided, however, that the Observer shall execute a confidentiality agreement, reasonably satisfactory to the Guarantor, with respect to the information to be provided or the matters to be discussed at any meeting of the Board. Notwithstanding the foregoing, the Guarantor reserves the right to withhold any information and exclude such Observer from any meeting of the Board, or any portion thereof, if access to such information or attendance at such meeting could (based on the advice of the Guarantor's counsel) adversely affect the attorney-client privilege with respect to any matters to be discussed or any matters included in the information to be distributed. The Guarantor hereby approves Ms. Allison Bennington and Mr. Jimmy Price to serve as an Observer.

(c) Until all principal and interest and any other amounts due and payable under the Note have been paid in full in cash, the Guarantor shall not, and shall not permit any Subsidiary to, without the prior written approval of the Investor holding a majority in principal amount of the Notes:

(i) *Indebtedness*. Incur, create, assume or permit to exist any Indebtedness, except

(A) the senior notes issued by the Guarantor, dated June 21, 2010, in the amount of $1,500,000 and $1,000,000, respectively (the "NeuMedia Notes"), and guarantees thereof by the Grantors; provided that the aggregate outstanding principal amount (and the guaranteed amount permitted under this Section 9(c)(i)(A)) of the NeuMedia Notes shall not exceed $2,500,000;

(B) Indebtedness under the Note, this Guaranty, the Guarantee and Security Agreement and the guarantee given by AMV Holding Limited and the debenture securing such guarantee each dated August 23, 2008; and

(C) unsecured Indebtedness, provided the Indebtedness is expressly subordinate in right of payment to the Note on terms acceptable to ValueAct.

"***Indebtedness***" means (i) all indebtedness, whether or not contingent, for borrowed money or for the deferred purchase price of property or services (but excluding trade accounts payable in the ordinary course of business not overdue for more than sixty (60) days), (ii) any other indebtedness that is evidenced by a note, bond, debenture or similar instrument, (iii) all obligations under financing leases or letters of credit, (iv) all obligations in respect of acceptances issued or created, (v) all liabilities secured by any lien on any property, and (vi) all guarantee obligations, in each case including the principal amount thereof, any accrued interest thereon and any prepayment premiums or fees or termination fees with respect thereto.

(ii) *Affiliate Transaction*. Excluding (x) the transactions with Affiliates as of the date hereof and as set forth on Exhibit A[1] hereto (each, an "***Existing Affiliate Transaction***") and (y) transactions between or among the Company, the Guarantor and its Subsidiaries, enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate (each, an "***Affiliate Transaction***"), unless

[1] Pending review of exhibit.

(A) the Affiliate Transaction is in the ordinary course of and pursuant to the reasonable requirements of the Guarantor's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Guarantor or such Subsidiary than would obtain in a comparable arm's length transaction with a Person not an Affiliate; and

(I) if the Affiliate Transaction or series of related Affiliate Transactions involves aggregate consideration less than or equal to $250,000, the Guarantor shall deliver to the Investor a resolution of the Board of Directors of the Guarantor set forth in an officers' certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Guarantor; and

(II) if the Affiliate Transaction or series of related Affiliate Transactions involves aggregate consideration greater than $250,000, the Guarantor shall either deliver to the Investor an opinion as to the fairness to the Guarantor of such Affiliate Transaction from financial point of view issued by an accounting, appraisal or investment banking firm of national standing or shall receive the Investor's affirmative written consent.

For the avoidance of doubt, neither this covenant nor any other shall prohibit or restrict any distribution of any cash between any direct or indirect wholly-owned subsidiaries of the Guarantor or to the Guarantor from any direct or indirect wholly-owned subsidiary of the Guarantor.

(iii) *Dividends*. Declare or make, or agree to declare or make, directly or indirectly, any dividends on any Equity Interests or apply any of its property or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other retirement of, or make any other distribution by reduction of capital or otherwise in respect of, any Equity Interests, except repurchases of equity incentive grants issued to employees, officers, directors and agents of the Guarantor and its Subsidiaries in the ordinary course of business, provided that such repurchases shall not exceed $150,000 in any twelve (12) month period.

(iv) *Subsidiaries*. Create, own or acquire any Subsidiary (other than any Subsidiary owned as of the date hereof), except that the Guarantor and its wholly-owned subsidiaries may create or own wholly-owned Subsidiaries, provided that any such Subsidiary created or owned in reliance of this Section 9(c)(iv) shall execute a joinder to the Guarantee and Security Agreement in form and substance satisfactory to the Investor in its sole discretion.

(v) *Management.* Pay any compensation (including, without limitation, base salary, bonus and benefits), management fees or other payments of any kind to Rob Ellin and/or Trinad Capital Management, LLC or any of its affiliates in the aggregate in any twelve (12) month period in excess of $360,000 provided however that the Guarantor may only make cash payments thereon up to $180,000 in any such twelve (12) month period and any amounts not paid in cash shall be deferred until the Note is paid in full; provided further that all or part of the deferred portion may be paid in kind by issuance of Guarantor common stock on such terms as may be approved by the disinterested directors of the Guarantor's Board of Directors (which shall, for such purposes, not include Rob Ellin, Peter Guber and Paul Schaeffer).

(vi) *Stock Issuance.* Issue or sell any Equity Interests (as defined under the Guarantee and Security Agreement), or rights to acquire any Equity Interest, other than Equity Interests that have no cash dividend or payment to be made for as long as the Note remains outstanding.

(vii) *Prepayment of the Note.* In accordance with Section 1(d) of the letter agreement dated as of June 21, 2010, by and among ValueAct, the Guarantor, the Lead Participating Investors party thereto, Jonathan Cresswell and Nathaniel MacLeitch (the "**Letter Agreement**"), if and to the extent that, the Guarantor or any other Obligor (as defined in the Subordination Agreement) receives cash proceeds from the sale of the Assets (as defined in the Letter Agreement) pursuant to Section 1(d)(x) of the Letter Agreement, the Guarantor or such Obligor shall promptly remit (and the First Lien Agent and the First Lien Creditors (each as defined in the Subordination Agreement) consent to such remittance) such cash sales proceeds to Investor to pay in cash the obligations then outstanding under the Note.

10. Miscellaneous.

10.1 Limitation. The Guarantor's obligations under this Guaranty are to pay the Obligations of the Company under the Note (subject to the limitations set forth in this Guaranty) and no others. In no event shall the Guarantor be liable for any damages, direct or indirect, consequential, punitive or otherwise, as a result of the Company's failure to perform any of its obligations under the Note. The Guarantor's liability shall be limited solely to actual and direct damages determined by a court of competent jurisdiction in a proceeding not subject to further appeal to have arisen primarily and directly as a result of the Guarantor's failure to perform its obligations under this Guaranty.

10.2 Governing Law. This Guaranty is to be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of laws rules.

10.3 Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile transmission, as follows:

Guarantor:

NeuMedia, Inc.
2121 Avenue of the Stars, Suite 2550
Los Angeles, California 90067
Attention: James Lefkowitz

with a copy to:

Manatt, Phelps & Phillips, LLP
11355 West Olympic Boulevard
Los Angeles, CA 90064
Attention: Richard J. Maire, Jr., Esq.

ValueAct:

435 Pacific Avenue, 4th Fl.
San Francisco, CA 94133
Attention: Allison Bennington

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Attention: Valerie Radwaner, Esq.

Either the Guarantor or ValueAct may change its address for notices and other communications hereunder by notice to the other. Each such notice or other communication shall for all purposes of this Guaranty be treated as effective or having been given (i) when delivered if delivered personally, (ii) if sent by registered or certified mail, at the earlier of its receipt or three business days after registration or certification thereof, (iii) if sent by overnight courier, on the next business day after the same has been deposited with a nationally recognized courier service for next day delivery, or (iv) when sent by confirmed facsimile, on the day sent (if a business day) if sent during normal business hours of the recipient, and if not, then on the next business day.

10.4 Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Guaranty or consent to any departure by the Guarantor therefrom shall be effective absent the written agreement of the Guarantor and ValueAct.

10.5 Headings. Section and subsection headings contained in this Guaranty are inserted for convenience of reference only, shall not be deemed to be a part of this Guaranty for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

10.6 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Guarantor has duly executed and delivered this Guaranty and ValueAct has executed its acceptance of this Guaranty effective as of the date first written above.

NEUMEDIA, INC. formerly known as Mandalay Media, Inc.

By: _____
Name: [ ]
Title: [ ]

Accepted:

VALUEACT SMALLCAP MASTER FUND, L.P.,
By VA Smallcap Partners, LLC, its General Partner

By: _____
Name: [ ]
Title: [ ]

[Signature Page to the Amended and Restated Guaranty]

EXHIBIT A

Existing Affiliate Transactions

- Trinad management agreement - $90,000 per quarter through September 2011;
- Trinad – rental sublet of Century City office – month to month – presently at $5,000 per month; and
- Berkshire holdings - rental of Sherman Oaks office premises - $21,000 per month through July 15, 2010.

ValueAct SmallCap Master Fund, L.P.
435 Pacific Avenue, Fourth Floor
San Francisco, CA 94133

June 21, 2010

The Board of Directors
NeuMedia, Inc.
2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

Re: AMV Restructuring

Gentlemen:

This agreement ("**Agreement**") sets forth the terms of the agreements between ValueAct SmallCap Master Fund, L.P. (including any affiliate thereof, "**VAC**"), NeuMedia, Inc., formerly known as Mandalay Media, Inc. ("**NeuMedia**"), Jonathan Cresswell ("**Cresswell**"), Nathaniel MacLeitch (including in his capacity as Trustee for the AMV Founders under the AMV Note (each as defined below) "**MacLeitch**"), Robert Ellin ("**Ellin**"), Trinad Management, LLC ("**Trinad Management**") and Trinad Capital Master Fund, Ltd.("**Trinad Fund**" and together with Ellin and Trinad Management, the "**Trinad Affiliates**") and the Guber Family Trust ("**Guber**" and, together with the Trinad Affiliates, the "**Lead Participating Investors**" and, together with any other purchasers of New Senior Notes (as defined below) the "**Participating Investors**") with regard to the (i) partial satisfaction of that certain Senior Secured Note issued by Twistbox Entertainment, Inc. ("**Twistbox**"), guaranteed by AMV Holding Limited ("**AMV**") and held by VAC, as amended (the "**VAC Note**"), and (ii) satisfaction of that certain Secured Promissory Note issued by NeuMedia and held by Cresswell, MacLeitch and certain other former shareholders of AMV (the "**AMV Founders**"), as amended (the "**AMV Note**"). The aggregate outstanding principal amount plus accrued and unpaid interest on the AMV Note and the VAC Note as of any date of determination is referred to herein as the "**Outstanding Balance**."

In consideration of the significant costs to be borne by the parties hereto in pursuing the transactions contemplated herein and further in consideration of their mutual undertakings as to the matters described herein, upon execution by the parties hereto of this Agreement, this Agreement shall constitute the legally binding and enforceable agreement of the parties hereto.

1. Administration.

(a) The joint administrators of AMV (the "**Administrators**") are conducting a process in the course of the administration of AMV pursuant to the provisions of the U.K. Insolvency Act of 1986 (the "**Administration**") for the sale of the shares in the operating subsidiaries of AMV (collectively, the "**Assets**"). NeuMedia will retain all assets and liabilities of Twistbox and NeuMedia. The consummation of the acquisition of the Assets by Newco concurrently upon the receipt of the funds from the Client Account (as defined below) by NeuMedia pursuant to Section 1(e) is referred to herein as the "**Closing**."

(b) VAC, the AMV Founders and/or their respective affiliates (whether or not acting in conjunction with unaffiliated third parties), acting through Antiphony (Management Holdings) Limited ("**Newco**"), will acquire at the Closing the Assets on the standard terms of an English law insolvency acquisition consistent with the offer to the Administrators in the form attached hereto as Annex A, resulting in the release of US$23 million of secured indebtedness, comprising of a release of all amounts due and payable under the AMV Note and a portion of the amounts due and payable under the VAC Note. Immediately following the Closing, the AMV Note will be cancelled in its entirety and the VAC Note will be amended and restated in the form attached hereto as Annex B following such release or payment in cash (the "**Amended VAC Note**"). The principal amount of the Amended VAC Note will be an amount equal to US$3.5 million.

(c) [Reserved.]

(d) [Reserved.]

(e) On Friday, June 18, 2010, the Lead Participating Investors deposited the aggregate amount of US$2,500,000 in a client account (the "**Client Account**") with Manatt, Phelps & Phillips LLP, which will release US$2,500,000 to NeuMedia at the Closing for the purpose of consummating the purchase by the Lead Participating Investors of the New Senior Debt (as defined below). NeuMedia will provide evidence of the receipt of the US$2,500,000 to VAC at the Closing. The Lead Participating Investors hereby irrevocably commit to invest an aggregate of US$2,500,000, in NeuMedia at the Closing in exchange for Notes issued by NeuMedia in the form of Annex D (the "**New Senior Notes**" and the indebtedness evidenced thereby, the "**New Senior Debt**") allocated as follows: (a) $1,500,000 by the Trinad Fund and (b) $1,000,000 by the Guber Family Trust. No later than five business days following the date hereof, the Lead Participating Investors shall provide notice (substantially in the form attached hereto as Annex E) to each stockholder of NeuMedia who, together with its affiliates, held, as of June 13, 2010, at least 5% of the outstanding common stock of NeuMedia, is an accredited investor within the meaning of federal securities laws and is not an officer or director of NeuMedia or an affiliate of an officer or director of NeuMedia (the "**Eligible Rights Offering Participants**"), which notice shall set forth the terms pursuant to which such Eligible Rights Offering Participants may elect to participate in the funding of the New Senior Debt by acquiring a portion of such indebtedness from the Lead Participating Investors(the "**Rights Offering**"). At the Closing, NeuMedia will issue the New Senior Notes in the aggregate principal amount of US$2,500,000 to the Lead Participating Investors, which indebtedness will be senior to the Amended VAC Note on the terms and to the extent set forth in the Subordination Agreement in the form of Annex F (the "**Subordination Agreement**"). For the avoidance of doubt, except as contemplated by the immediately preceding sentence, NeuMedia and its subsidiaries will be prohibited from issuing any debt (including a receivables line) senior to or pari passu with the Amended VAC Note.

(f) [Reserved.]

2. Transaction Documents.

(g) Prior to or concurrently with the execution hereof, certain parties hereto have duly executed the following documents (collectively with this Agreement, the Intercompany Balance Documentation and the ancillary documents to be executed in connection herewith and therewith (including, without limitation, any documents necessary to effect the acquisition of the Assets), the "**Transaction Documents**"):

(i) the Mutual Release Agreement in the form attached as Annex G hereto;

(ii) the AMV/Administrators Release Agreement in the form attached as Annex H hereto;

(iii) [Reserved]

(iv) the Amended VAC Note;

(v) the Amended and Restated Guarantee and Security Agreement among Twistbox, NeuMedia, each of the subsidiaries party thereto, the investor party thereto and VAC, as collateral agent in the form attached as Annex I hereto;

(vi) the Amended and Restated Guaranty by NeuMedia to VAC in the form attached as Annex J hereto;

(vii) the Letter Agreement between VAC, Rob Ellin, Trinad Management and NeuMedia in the form of Annex K hereto;

(viii) the Subordination Agreement;

(ix) the New Senior Notes;

(x) the Guarantee and Security Agreement among Twistbox, NeuMedia, each of the subsidiaries thereof party thereto, the Participating Investors and the collateral agent described therein in the form attached as Annex L hereto (the "**New Senior Note Security Agreement**");

(xi) the Warrant Agreements between NeuMedia and each of the Participating Investors in the form of Annex M hereto (the "**Warrant Agreement**");

(xii) the Resignation Letters in the form of Annex N hereto;

(xiii) the Earn-Out Transfer Letter Agreement in the form attached as Annex R hereto; and

(xiv) the Non-Competition Agreement between Newco and NeuMedia in the form of Annex O hereto (the "**Non-Competition Agreement**");

(h) Immediately following the Closing, each of the Transaction Documents set forth in Section 2(a)(i)-(xiv) shall be automatically released and effective without further action by any party thereto.

(i) At the Closing, the US$2,500,000 held in the Client Account pursuant to Section 1(e) shall be distributed to NeuMedia.

3. Intercompany Balances. The parties acknowledge that NeuMedia, Twistbox and AMV have agreed, effective as of May 10, 2010, that costs and expenses from NeuMedia and/or Twistbox to AMV and its subsidiaries are transferred so as to effect a net-off of intercompany balances between NeuMedia and/or Twistbox, on the one hand, and AMV and its subsidiaries, on the other hand so as to achieve a zero balance on that date for all intercompany balances. The parties agree to work together in good faith to take whatever actions are reasonably necessary to get the most favorable tax treatment for the Assets post-Closing. The documentation effecting a net-off of such intercompany balances is referred to as the "**Intercompany Balance Documentation**." Any liability incurred by any party and agreed in advance by both parties after 10 May 2010 will be payable in the ordinary course.

4. The parties acknowledge that NeuMedia, Twistbox and AMV have implemented, effective as of March 31, 2010, an allocation of costs and expenses from NeuMedia and/or Twistbox to AMV in the amount of US$1,234,206, thus effecting a net-off of intercompany balances between NeuMedia and/or Twistbox, on the one hand, and AMV, on the other hand. Any remaining amounts due between and among AMV and its subsidiaries, on the one hand, and NeuMedia and its subsidiaries (other than AMV and its subsidiaries), on the other hand, will be written off and the parties agree to work together in good faith to take whatever actions are reasonably necessary to get the most favorable tax treatment for the Assets post-Closing. The documentation effecting a net-off and write off of such intercompany balances is referred to as the "**Intercompany Balance Documentation**."

5. Cancellation of NeuMedia Common Stock and Warrants. Upon the Closing, all warrants and Common Stock of NeuMedia held by VAC will be cancelled and all warrants and Common Stock of NeuMedia held by MacLeitch and Cresswell will be repurchased by NeuMedia or its assigns for a price of US$0.02 per share.

6. Earn-Out Transfer. Upon the Closing, Newco shall assume all of NeuMedia's obligations to pay Earn-Out Payments (the "**Earn-Out Payments**") to the AMV Founders under and as defined in Section 2.4 of the Stock Purchase Agreement, dated as of October 8, 2008, between NeuMedia and the AMV Founders and NeuMedia shall not have any further obligations in respect of such Earn-Out Payments. Notwithstanding the foregoing, the AMV Founders are entitled to keep and have no obligation to reimburse any Earn-Out Payments paid on or prior to the date hereof.

7. Indemnification.

(a) Effective immediately upon the execution of this Agreement, NeuMedia hereby agrees to indemnify and hold harmless VAC, the AMV Founders, their respective affiliates and each of their respective directors, officers, employees, partners, equityholders, representatives and agents, and each of their respective successors and assigns (collectively, the "**VAC/AMV Founders Indemnified Parties**") from any and all losses, liabilities, damages, or expenses, including reasonable fees and expenses of experts and counsel and cost of litigation, and whether involving a third party or among the parties to this Agreement (the "**Damages**") that any VAC/AMV Founders Indemnified Party may suffer or become subject to as a result of or arising out of or in connection with claims by shareholders or other stakeholders of NeuMedia or any other third party seeking to enjoin performance of or invalidate this Agreement, any other Transaction Document or the transactions contemplated hereby or thereby, or seeking damages with respect to this Agreement, any other Transaction Document or the transactions contemplated hereby or thereby,.

(b) Effective immediately upon the Closing, NeuMedia hereby agrees to indemnify and hold harmless the VAC/AMV Founders Indemnified Parties from any and Damages that any VAC/AMV Founders Indemnified Party may suffer or become subject to as a result of or arising out of or in connection with claims by shareholders of NeuMedia or creditors of NeuMedia, its affiliates and subsidiaries (other than AMV and its subsidiaries), based in whole or in part on any act, omission, transaction or occurrence from the beginning of time arising from any aspect of the dealings or relationships between NeuMedia, its affiliates and subsidiaries (other than AMV and its subsidiaries) and its and their respective Representatives, on the one hand, and VAC, AMV and its subsidiaries, the AMV Founders and their respective Representatives, on the other hand, relating solely to this Agreement and the other Transaction Documents and any transactions contemplated hereby or thereby.

(c) Effective immediately upon the Closing, NeuMedia hereby agrees to indemnify and hold harmless the VAC/AMV Founders Indemnified Parties from any and all Damages that any VAC/AMV Founders Indemnified Party may suffer or become subject to as a result of or arising out of or in connection with any third party claim relating to the operation of the business of NeuMedia or its affiliates or subsidiaries (other than AMV and its subsidiaries) prior to the Closing (other than any third party claim relating to the operation of the Twistbox business prior to February 12, 2008 and unrelated to the acquisition of Twistbox by NeuMedia).

(d) Effective immediately upon the Closing, Cresswell and MacLeitch, jointly and severally, hereby agree to indemnify and hold harmless NeuMedia, Twistbox, their affiliates and each of their respective directors, officers, employees, partners, equityholders, representatives and agents, and each of their respective successors and assigns (collectively, the "**NeuMedia Indemnified Parties**") from any and all Damages that any NeuMedia Indemnified Party may suffer or become subject to as a result of or arising out of or in connection with any third party claim relating to the operation of the AMV business prior to the Closing; provided, however, that this Section 6(d) shall not apply to any third party claim relating to or arising out of (i) the Content License and Output Agreement, effective as of July 1, 2009 (the "**Vivid Agreement**"), between Waat Media Corp., Twistbox, AMV and Vivid Entertainment, LLC; (ii) any tax claims; or (iii) claims by shareholders of NeuMedia or creditors of NeuMedia, its affiliates and subsidiaries (other than AMV and its subsidiaries), based in whole or in part on any act, omission, transaction or occurrence from the beginning of time arising from any aspect of the dealings or relationships between NeuMedia, its affiliates and subsidiaries (other than AMV and its subsidiaries) and its and their respective Representatives, on the one hand, and VAC, AMV and its subsidiaries, the AMV Founders and their respective Representatives, on the other hand, relating to this Agreement and the other Transaction Documents and any transactions contemplated hereby or thereby; provided, further, however, that Cresswell and MacLeitch shall not be required to indemnify any NeuMedia Indemnified Party under this Section 6(c) unless and only to the extent that the amount of Damages for which the NeuMedia Indemnified Party seeks indemnification hereunder exceeds US$50,000; provided, further, however that the aggregate amount of Damages for which the NeuMedia Indemnified Parties may seek indemnification under this Section 6(c) shall not exceed US$1,500,000 in the aggregate.

8. [Reserved.]

9. Representations and Warranties.

(e) Each party hereto hereby represents and warrants, severally and not jointly and solely as to itself and not as to any other party hereto, to each of the other parties hereto that (i) such party hereto has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder and (ii) when this Agreement and the other Transaction Documents are executed and delivered by such party, this Agreement and the other Transaction Documents shall constitute the legal, valid and binding obligations of such party enforceable in accordance with their terms (except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or by general principles of equity and public policy).

(f) Solely with respect to VAC, VAC is the sole beneficiary of and holds, free and clear of any lien and has full power and authority to modify the VAC Note.

(g) Solely with respect to the Cresswell and MacLeitch (including in his capacity as representative for the AMV Founders under the AMV Note), (i) MacLeitch is the sole beneficiary (as the representative of the AMV Founders) of the AMV Note, free and clear of any lien and have full power and authority to cancel the AMV Note and (ii) MacLeitch (in his capacity as security agent for the AMV Founders) has full power and authority on behalf of the AMV Founders to release the debenture provided by AMV dated October 23, 2008, which secures amounts owing in respect of the AMV Note and to take all action necessary in connection therewith.

(h) Cresswell, MacLeitch and VAC each owns beneficially and of record, free and clear of any lien and has full power and authority to transfer free and clear of any lien, the number and class of shares of NeuMedia Common Stock and the number of NeuMedia warrants set forth opposite such person's name on Annex P to be cancelled or purchased by NeuMedia pursuant to Section 4 and the NeuMedia Common Stock and NeuMedia Warrants set forth on Annex P represent all of the issued and outstanding shares of capital stock of NeuMedia and warrants to acquire shares of capital stock of NeuMedia held by such person as of the date hereof.

10. [Reserved.]

11. [Reserved.]

12. Expenses. Each party hereto will bear its own costs and expenses (including, without limitation, any brokers' or finders' fees and any attorneys' and accountants' fees) in connection with the transactions proposed by this Agreement; provided, however, that VAC will advance and recover the costs of the Administration on the terms agreed to by VAC and the Administrators.

13. Non-Disclosure. Attached hereto as Annex Q is a form of Press Release to be filed by NeuMedia following the Closing. Except as provided in the immediately preceding sentence or as required by law, the rules and regulations of the Securities Exchange Commission or the requirements of any stock market on which such party's common stock is listed or quoted (in which case the disclosing party shall advise the other party of such disclosure and provide them with a copy of such disclosure), in the event of any litigation between or involving the parties hereto and/or, in the case of VAC and the AMV Founders, in connection with the Administration, the parties hereto will not disclose, directly or indirectly, the terms of or reveal the existence of this Agreement to any person, firm or entity, other than their respective Representatives who are required to be informed thereof in connection with their approval of the transactions contemplated herein or their representation of the parties in connection with the transactions contemplated herein. Notwithstanding the foregoing, it is acknowledged and agreed that each of VAC, MacLeitch and Cresswell may in the future determine that he/it is required to file an amendment to their report on Schedule 13D reporting, among other things, his/its ownership interest in NeuMedia and the existence and terms of this Agreement and the other Transaction Documents and may update such filing as he/it deems appropriate in his/its sole discretion.

14. Entire Agreement; Counterparts. This Agreement and the other Transaction Documents contain the entire understandings of the parties with respect to the subject matter of each such provision and supersedes any prior agreement between the parties, including but not limited to that certain Letter of Intent dated April 16, 2010. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the internal, substantive laws of the State of Delaware, except any provision of this Agreement insofar as it relates to AMV or the Administrators and their respective Representatives where this Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England and as to which the parties intend that such persons shall be entitled to rely upon and enforce such provisions by virtue of the Contracts (Rights of Third Parties) Act 1999 as thought they were a party to this Agreement.

16. Consent to Jurisdiction; Service of Process

(i) In relation to any legal action or proceedings arising out of or in connection with any provision of this Agreement insofar as it relates to AMV or the Administrators or their respective Representatives, each party hereby irrevocably submits to the jurisdiction of the courts of England and waives any objection to the courts of England on the grounds that they are inappropriate or inconvenient forum. Each such submission is made for the benefit of the other parties to this Agreement (and AMV and the Administrators and their respective Representatives) and shall not affect the right of each other party to take proceedings in any other court of competent jurisdiction nor shall the taking of proceeding in any court of competent jurisdiction preclude each other party from taking proceedings in any court of competent jurisdiction (whether concurrently or not) unless precluded by law.

(j) Save as set out in Section 15(a) above, the parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby or thereby shall be brought exclusively in any Delaware State court in the City of Wilmington, or in the United States District Court for the District of Delaware, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of any process, summons, notice or document by U.S. registered mail to its address set forth on the signature page hereto shall be deemed effective service of process for any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby or thereby brought against such party in any such court as set forth in this Section 15.

17. No Third Party Beneficiary. Save as expressly provided in this Agreement, nothing in this Agreement shall confer any rights, remedies or claims upon any person not a party or a permitted assignee of a party to this Agreement; provided, however, that (i) the VAC/AMV Founders Indemnified Parties are intended third party beneficiaries of Section 6(a) and Section 6(b) and (ii) the NeuMedia Indemnified Parties are intended third party beneficiaries of Section 6(c).

18. Specific Performance.

(k) The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at law or in equity. The parties hereto waive any requirement for security or the posting of any bond or other surety in connection with any temporary or permanent award or injunctive, mandatory or other equitable relief.

(l) Each party hereto agrees not to question or otherwise challenge the assertion or enforceability of this remedy, in and of itself, as described in Section 17(a) by any other party hereto.

[Remainder of page intentionally left blank.]

Please indicate your acceptance of the above terms and conditions by executing and returning the enclosed copy of this letter to us at your first opportunity. We look forward to closing the transaction as soon as possible.

Very truly yours,

VALUEACT SMALLCAP MASTER FUND, L.P.
By its General Partner, VA SmallCap Partners, LLC

By: _____
Name:
Title:
Address: 435 Pacific Avenue, Fourth Floor
San Francisco, CA 94133

This Agreement sets forth our understanding of the transactions contemplated herein and related matters.

NEUMEDIA, INC.

By: _____
Name:
Title:
Address: 2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

_____
Jonathan Cresswell
Address: _____
_____

_____
Nathaniel MacLeitch
Address: _____
_____]

Signature Page to Letter Agreement

Lead Participating Investors:

Trinad Affiliates:

Trinad Capital Master Fund, Ltd.

By: _____
Title:

Address: 2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

Trinad Management, LLC

By: _____
Title:

Address: 2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

_____
Robert Ellin

Address: 2000 Avenue of the Stars
Suite 410
Los Angeles, CA 90067

Guber:

Guber FamilyTrust

By:

Address: _____
_____

Signature Page to Letter Agreement

ANNEX B

Amended VAC Note

ANNEX C

Intentionally Omitted

ANNEX D

New Senior Notes

ANNEX E

Notice of Rights Offering

ANNEX F

Subordination Agreement

ANNEX G

Mutual Release

ANNEX H

AMV Administrators Release Agreement

ANNEX I

Amended and Restated Guaranty and Security Agreement

ANNEX J

Amended and Restated Guaranty

ANNEX K

Ellin Letter Agreement

ANNEX L

New Senior Note Security Agreement

ANNEX M

Warrant Agreement

ANNEX N

Resignation Letters

ANNEX O

Non-Competition Agreement

ANNEX P

Certain Outstanding Shares and Warrants

Beneficial Owner	Shares	Warrants
VAC	561,798 shares of Common Stock	Warrant to purchase 1,092,622 shares of Common Stock Warrant to purchase 1,092,621 shares of Common Stock Warrant to purchase 280,899 shares of Common Stock
Cresswell	1,770,287 shares of Common Stock	
MacLeitch	1,770,287 shares of Common Stock	

ANNEX Q

Form of Press Release

ANNEX R

Form of Earn-Out Transfer Agreement

AMENDED AND RESTATED GUARANTEE AND SECURITY AGREEMENT

among

TWISTBOX ENTERTAINMENT, INC.,

NEUMEDIA, INC.
(FORMERLY KNOWN AS MANDALAY MEDIA INC.)

EACH OF THE SUBSIDIARIES PARTY HERETO,

THE INVESTORS PARTY HERETO,

and

VALUEACT SMALLCAP MASTER FUND, L.P., as Collateral Agent

Dated as of June 21, 2010

TABLE OF CONTENTS

SCHEDULES:

ALL INDEBTEDNESS EVIDENCED BY THIS GUARANTEE AND SECURITY AGREEMENT IS SUBORDINATED TO OTHER INDEBTEDNESS PURSUANT TO, AND TO THE EXTENT PROVIDED IN, AND IS OTHERWISE SUBJECT TO THE TERMS OF, THE SUBORDINATION AGREEMENT, DATED AS OF JUNE 21, 2010 (THE "SUBORDINATION AGREEMENT"), AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, BY AND AMONG THE COLLATERAL AGENT, THE COMPANY, TRINAD CAPITAL MASTER FUND, LTD. AND NEUMEDIA, INC.

AMENDED AND RESTATED GUARANTEE AND SECURITY AGREEMENT, dated as of June 21, 2010 (this "Guarantee and Security Agreement"), among Twistbox Entertainment, Inc., a Delaware corporation (the "Company"), NeuMedia, Inc. formerly known as Mandalay Media Inc., a Delaware corporation (the "Parent") each of the subsidiaries of the Parent identified on Schedule I as being a subsidiary guarantor (each such subsidiary, individually a "Subsidiary Guarantor" and, collectively, the "Subsidiary Guarantors"; the Subsidiary Guarantors, the Parent and the Company are referred to collectively herein as the "Grantors"), the investors from time to time party hereto (including their successors and permitted assigns, each an "Investor" and collectively, the "Investors") and ValueAct SmallCap Master Fund, L.P., as collateral agent for the benefit of the Secured Parties (including its successors and permitted assigns and in such capacity, the "Collateral Agent").

Reference is made to the Securities Purchase Agreement, dated as of July 30, 2007, among the Company and the Investors from time to time party thereto (as amended, supplemented or otherwise modified from time to time, the "Securities Purchase Agreement").

The Company is indebted to the Investors in the principal amount of $3,500,000 pursuant to an Amended and Restated Senior Subordinated Secured Note due June 21, 2013, dated June 21, 2010 (as amended, supplemented or otherwise modified, the "Senior Secured Note") upon the terms and subject to the conditions specified in, the Securities Purchase Agreement.

This Guarantee and Security Agreement amends and restates that certain Guaranty and Security Agreement, dated as of June 30, 2007, by and among the Company, the subsidiary guarantors party thereto, the investors party thereto and the Collateral Agent, as the same may have been amended, supplemented or otherwise modified from time to time prior to the date hereof (the "Original Guarantee and Security Agreement").

The Parent directly owns all of the Equity Interests of the Company and will derive substantial benefit from the amendment and restatement of the Original Guarantee and Security Agreement.

The Parent has entered into a letter agreement dated as of June 21, 2010, by and among the Collateral Agent, the Parent, the Lead Participating Investors party thereto, Jonathan Cresswell and Nathaniel MacLeitch, with regard to (i) the partial satisfaction of the Senior Secured Note, and (ii) the satisfaction of that certain Secured Promissory Note issued by the Parent and held by Jonathan Cresswell, Nathaniel MacLeitch and certain other former shareholders of AMV Holding Limited.

The Grantors and the Collateral Agent, on behalf of itself and each other Secured Party (and each of their respective successors or permitted assigns), hereby agree as follows:

ARTICLE 1.

DEFINITIONS; GUARANTEE; GRANT OF SECURITY; CONTINUING PERFECTION AND PRIORITY

Section 1.1 General Definitions

As used in this Guarantee and Security Agreement, the following terms shall have the meanings specified below:

"Account Debtor" means each Person who is obligated in respect of any Receivable or any Supporting Obligation or Collateral Support related thereto.

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

"Additional Subsidiary Guarantor and Grantor" has the meaning assigned to such term in Article 11.

"Applicable Date" means (i) in the case of any Grantor (other than an Additional Subsidiary Guarantor and Grantor), the date hereof, and (ii) in the case of any Additional Subsidiary Guarantor and Grantor, the date of the Supplement executed and delivered by such Additional Subsidiary Guarantor and Grantor.

"Authorization" means, collectively, any license, approval, permit or other authorization issued by Governmental Authority.

"Bankruptcy Law" means Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

"Cash Collateral Account" means any Deposit Account or Securities Account established by the Collateral Agent in which cash may from time to time be on deposit or held therein pursuant to the Secured Transaction Documents.

"Chattel Paper" means all "chattel paper" as defined in Article 9 of the UCC.

"Claim Proceeds" means, with respect to any Commercial Tort Claim or any Collateral Support or Supporting Obligation relating thereto, all Proceeds thereof, including all insurance proceeds and other amounts and recoveries resulting or arising from the settlement or other resolution thereof, in each case regardless of whether characterized as a "commercial tort claim" under Article 9 of the UCC or "proceeds" under the UCC.

"Collateral" has the meaning assigned to such term in Section 1.4(a).

"Collateral Records" means all books, instruments, certificates, Records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals and other documents, and all computer software, computer printouts, tapes, disks and related data processing software and similar items, in each case that at any time represent, cover or otherwise evidence any of the Collateral.

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

"Commercial Tort Claims" means (i) all "commercial tort claims" as defined in Article 9 of the UCC and (ii) all Claim Proceeds with respect to any of the foregoing; including all claims described on Schedule 3.7.

"Company" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Copyright License" means any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned or held by any Grantor or which any Grantor otherwise has the right to license, or granting any right to any Grantor under any Copyright now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

"Copyright Security Agreement" means a Copyright Security Agreement substantially in the form of Exhibit A hereto.

"Copyrights" means all of the following: (i) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (ii) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office or any similar offices in the United States or any other country, including those described on Schedule 3.6.

"Deposit Accounts" means all "deposit accounts" as defined in Article 9 of the UCC, including all such accounts described on Schedule 3.8.

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

"Equipment" means (i) all "equipment" as defined in Article 9 of the UCC, (ii) all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, fixtures and tools, in each case, regardless of whether characterized as "equipment" under the UCC, and (iii) all accessions or additions to any of the foregoing, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing.

"Equity Interest" means (i) shares of corporate stock, partnership interests, membership interests, and any other interest that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and (ii) all warrants, options or other rights to acquire any Equity Interest set forth in clause (i) of this defined term.

"Event of Default" has the meaning assigned to such term in the Senior Secured Notes.

"Foreign Subsidiary" means any direct subsidiary of any Grantor organized under the laws of any jurisdiction outside the United States of America other than any Subsidiary Guarantor and as designated as such on Schedule I hereto.

"Foreign Subsidiary Voting Stock" means the voting capital stock of any Foreign Subsidiary.

"Financial Assets" means all "financial assets" as defined in Article 8 of the UCC.

"General Intangibles" means (i) all "general intangibles" as defined in Article 9 of the UCC and (ii) all chooses in action and causes of action, all indemnification claims, all goodwill, all tax refunds, all licenses, permits, concessions, franchises and authorizations, all Intellectual Property, all Payment Intangibles and all Software, in each case, regardless of whether characterized as a "general intangible" under the UCC.

"Goods" means (i) all "goods" as defined in Article 9 of the UCC and (ii) all Equipment and Inventory and any computer program embedded in goods and any supporting information provided in connection with such program, to the extent (a) such program is associated with such goods in such a manner that it is customarily considered part of such goods or (b) by becoming the owner of such goods, a Person acquires a right to use the program in connection with such goods, in each case, regardless of whether characterized as a "good" under the UCC.

"Governmental Authority" means any nation or government, any state, province, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign.

"Grantor" and "Grantors" have the meanings assigned to such terms in the preliminary statement of this Guarantee and Security Agreement; provided, that AMV Holding Limited shall not be Grantor for purposes of this Guarantee and Security Agreement.

"Guaranteed Obligations" has the meaning assigned to such term in Section 1.3(a)(i).

"Guaranty" means the Amended and Restated Guaranty, given as of June 21, 2010, by the Parent to the Investor, as amended, supplemented or otherwise modified from time to time.

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

"Insurance" means all insurance policies covering any or all of the Collateral (regardless of whether the Collateral Agent or any other Secured Party is an additional named insured or the loss payee thereof) and all business interruption insurance policies.

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

"Inventory" means (i) all "inventory" as defined in Article 9 of the UCC and (ii) all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished, all raw materials, work in process, finished goods and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in any Grantor's business, all goods which are returned to or repossessed by or on behalf of any Grantor, and all computer programs embedded in any goods, and all accessions thereto and products thereof, in each case, regardless of whether characterized as "inventory" under the UCC.

"Investor" and "Investors" have the meaning assigned to such term in the preliminary statements of this Guarantee and Security Agreement.

"Investment Property" means, collectively, all "investment property" as defined in Article 9 of the UCC including all Pledged Collateral.

"Letter of Credit Rights" means all "letter-of-credit rights" as defined in Article 9 of the UCC and all rights, title and interests of each Grantor to any letter of credit, in each case regardless of whether characterized as a "letter-of-credit right" under the UCC.

"License" means any Copyright License, Patent License, Trademark License, Trade Secret License or other license or sublicense to which any Grantor is a party.

"Lien" means any lien, mortgage, charge, claim, security interest, encumbrance, or right of first refusal.

"Net Receivables Balance" means all amounts recorded on the Company's balance sheet as Receivables or accrued Receivables net of allowance for doubtful accounts consistent with past practice.

"Obligations" means (i) the due and punctual payment of (a) principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Senior Secured Notes, when and as due, whether at maturity or by acceleration or otherwise, and (b) all other monetary obligations, including fees, commissions, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Grantors to the Secured Parties when and as due, or that are otherwise payable to any Investors, in each case under the Secured Transaction Documents when and as due, (ii) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Grantors or any other party (other than an Investor) under or pursuant to the Secured Transaction Documents, and (iii) with respect to the Subsidiary Guarantor, the Guaranteed Obligations.

"Original Guarantee and Security Agreement" the meaning assigned to such term in the preliminary statements of this Guarantee and Security Agreement.

"Parent" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Patent License" means any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned or held by or on behalf of any Grantor or which any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

"Patent Security Agreement" means a Patent Security Agreement substantially in the form of Exhibit B hereto.

"Patents" means all of the following: (i) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in the United States or any other country, including those described on Schedule 3.6, and (ii) all reissues, continuations, divisions, continuations in part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Payment Intangibles" means all "payment intangibles" as defined in Article 9 of the UCC.

"Permitted Liens" means all of the following: (i) Liens existing as of the date hereof and set forth in Schedule II (ii) Liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent, (iii) Liens for taxes, assessments or similar charges incurred in the ordinary course of business that are not yet due and payable, (iv) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business, (v) Liens in favor of the Investors and (vi) Liens by Grantors in favor of the holders of the two Senior Notes issued by the Parent, dated June 21, 2010, in the principal amount of $1,500,000 and $1,000,000, respectively; provided that the aggregate outstanding principal amount of such senior Notes does not exceed $ 2,500,000.

"Person" means any individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, or joint stock company.

"Pledged Collateral" means, collectively, Pledged Debt and Pledged Equity Interests.

"Pledged Debt" means all indebtedness for borrowed money owed or owing to any Grantor, including all indebtedness described on Schedule 3.4, all Instruments other than checks received in the ordinary course of business, Chattel Paper or other documents, if any, representing or evidencing such debt, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such debt.

"Pledged Equity Interests" means all Equity Interests owned or held by or on behalf of any Grantor, including all such Equity Interests described on Schedule 3.4, and all certificates, instruments and other documents, if any, representing or evidencing such Equity Interests and all interests of such Grantor on the books and records of the issuers of such Equity Interests, all of such Grantor's right, title and interest in, to and under any partnership, limited liability company, shareholder or similar agreements to which it is a party, and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Equity Interests; provided, however, that in no event shall more than 65% of the total outstanding Foreign Subsidiary Voting Stock of any Foreign Subsidiary be pledged (or deemed to be pledged) hereunder.

"Proceeds" means (i) all "proceeds" as defined in Article 9 of the UCC, (ii) payments or distributions made with respect to any Investment Property, (iii) any payment received from any insurer or other Person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property that constitutes the Collateral, and (iv) whatever is receivable or received when any of the Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary, including any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (a) past, present or future infringement of any Patent now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Patent License, (b) past, present or future infringement or dilution of any Trademark now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Trademark License, or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned or held by or on behalf of any Grantor, (c) past, present or future infringement of any Copyright now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Copyright License, (d) past, present or future infringement of any Trade Secret now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Trade Secret License, and (e) past, present or future breach of any License, in each case, regardless of whether characterized as "proceeds" under the UCC.

"Receivables" means all rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, including all such rights constituting or evidenced by any Account, Chattel Paper, Instrument or other document, General Intangible or Investment Property, together with all of the applicable Grantor's rights, if any, in any goods or other property giving rise to such right to payment, and all Collateral Support and Supporting Obligations related thereto and all Receivables Records.

"Receivables Records" means (i) all originals of all documents, instruments or other writings or electronic records or other Records evidencing any Receivable, (ii) all books, correspondence, credit or other files, Records, ledger sheets or cards, invoices, and other papers relating to such Receivable, including all tapes, cards, computer tapes, computer discs, computer runs and record keeping systems, whether in the possession or under the control of the applicable Grantor or any computer bureau or agent from time to time acting for such Grantor or otherwise, (iii) all evidences of the filing of financing statements relating to such Receivable and the registration of other instruments in connection therewith, and amendments, supplements or other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgments, or other writings, including lien search reports, from filing or other registration officers and (iv) all credit information, reports and memoranda relating to such Receivable.

"Record" means a "record" as defined in Article 9 of the UCC.

"Related Party" means, with respect to any specified Person, such Person's affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's affiliates.

"Secured Parties" means (i) the Collateral Agent, (ii) the Investors under the Senior Secured Notes, (iii) the beneficiaries of each indemnification obligation undertaken by or on behalf of any Grantor under any Secured Transaction Document, and (iv) the successors and permitted assigns of each of the foregoing.

"Secured Transaction Documents" means the Senior Secured Notes, this Guarantee and Security Agreement, the Guaranty, and all other instruments, documents, certificates and agreements related thereto.

"Securities Accounts" means all "securities accounts" as defined in Article 8 of the UCC, including all such accounts described on Schedule 3.4.

"Securities Intermediary" has the meaning specified in Article 8 of the UCC.

"Securities Purchase Agreement" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Security Interest" has the meaning assigned to such term in Section 1.4(a).

"Senior Secured Note" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Software" means all "software" as defined in Article 9 of the UCC.

"Subordinated Obligations" has the meaning assigned to such term in Section 1.3(e).

"Subsidiary" means any Person in which the Parent, directly or indirectly, owns capital stock or holds an equity or similar interest.

"Subsidiary Guarantee" has the meaning assigned to such term in Section 1.3(a)(i).

"Subsidiary Guarantor" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Supplement" means a supplement hereto, in a form reasonably satisfactory to the Collateral Agent.

"Supporting Obligation" means (i) all "supporting obligations" as defined in Article 9 of the UCC and (ii) all Guaranties and other secondary obligations supporting any of the Collateral, in each case regardless of whether characterized as a "supporting obligation" under the UCC.

"Trade Secret Licenses" means any written agreement, now or hereafter in effect, granting to any third party any right to use any Trade Secrets now or hereafter owned or held by or on behalf of any Grantor or which such Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trade Secrets now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

"Trade Secrets" means all trade secrets and all other confidential or proprietary information and know-how now or hereafter owned or used in, or contemplated at any time for use in, the business of any Grantor (all of the foregoing being collectively called a "Trade Secret"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, the right to sue for any past, present and future infringement of any Trade Secret, and all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Trademark License" means any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned or held by any Grantor or which such Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

"Trademark Security Agreement" means a Trademark Security Agreement substantially in the form of Exhibit C hereto.

"Trademarks" means all of the following: (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in the United States or any other country, and all extensions or renewals thereof, including those described on Schedule 3.6, (ii) all goodwill associated therewith or symbolized by any of the foregoing and (iii) all other assets, rights and interests that uniquely reflect or embody such goodwill.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

Section 1.2 Other Definitions; Interpretation

(a) Other Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Securities Purchase Agreement.

(b) Rules of Interpretation. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified, (ii) any definition of or reference to any law shall be construed as referring to such law as from time to time amended and any successor thereto and the rules and regulations promulgated from time to time thereunder, (iii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iv) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Guarantee and Security Agreement in its entirety and not to any particular provision hereof, (v) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to and any Supplement thereto, this Guarantee and Security Agreement, and (vi) 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. All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

Section 1.3 Guarantee

(a) Subsidiary Guarantee; Limitation of Liability.

(i) Each Subsidiary Guarantor jointly and severally, hereby absolutely, unconditionally and irrevocably guarantees, as a primary obligor and not merely as surety, to the Collateral Agent for the ratable benefit of the Secured Parties the punctual payment when due (but subject to the expiration of any grace period granted by the Secured Parties in their sole discretion or the giving of any required notice provided for in any secured Transaction Document), whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of the Obligations of the Company and each other Grantor now or hereafter existing under or in respect of the Secured Transaction Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such Obligations being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including, without limitation, reasonable fees and out-of-pocket expenses of counsel) incurred by the Collateral Agent or any other Investors in enforcing any rights under this Subsidiary Guarantee (the "Subsidiary Guarantee") or any other Secured Transaction Document. Without limiting the generality of the foregoing, each Subsidiary Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Grantor to the Collateral Agent or any Investors under or in respect of the Secured Transaction Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Grantor.

(ii) Each Subsidiary Guarantor, and by its acceptance of this Subsidiary Guarantee, the Collateral Agent and each other Investors, hereby confirms that it is the intention of all such Persons that this Subsidiary Guarantee and the Obligations of each Subsidiary Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Subsidiary Guarantee and the Obligations of each Subsidiary Guarantor hereunder. To effectuate the foregoing intention, the Collateral Agent, each Investor and the Subsidiary Guarantors hereby irrevocably agree that the Guaranteed Obligations of each Subsidiary Guarantor under this Subsidiary Guarantee at any time shall be limited to the maximum amount as will result in the Guaranteed Obligations of such Subsidiary Guarantor under this Subsidiary Guarantee not constituting a fraudulent transfer or conveyance.

(iii) Each Subsidiary Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to the Collateral Agent or any Investors under this Subsidiary Guarantee, such Subsidiary Guarantor will contribute, to the maximum extent permitted by law, such amounts to each other Subsidiary Guarantor so as to maximize the aggregate amount then required to be paid to the Collateral Agent and Investors under or in respect of the Secured Transaction Documents.

(b) Subsidiary Guarantee Absolute. Each Subsidiary Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Secured Transaction Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Collateral Agent or any Investors with respect thereto. The Obligations of each Subsidiary Guarantor under or in respect of this Subsidiary Guarantee are independent of the Guaranteed Obligations or any other Obligations of any other Grantor under or in respect of the Secured Transaction Documents, and a separate action or actions may be brought and prosecuted against each Subsidiary Guarantor to enforce this Subsidiary Guarantee, irrespective of whether any action is brought against the Company or any other Grantor or whether the Company or any other Grantor is joined in any such action or actions. The liability of each Subsidiary Guarantor under this Subsidiary Guarantee shall be irrevocable, absolute and unconditional irrespective of, and each Subsidiary Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(i) any lack of validity or enforceability of any Secured Transaction Document or any agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any other Grantor under or in respect of the Secured Transaction Documents, or any other amendment or waiver of or any consent to departure from any Secured Transaction Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Grantor or any of its Subsidiaries or otherwise;

(iii) any taking, release or amendment or waiver of, or consent to departure from, any other guarantee, for all or any of the Guaranteed Obligations it being understood that any such amendment, waiver or consent shall be applicable to the Guaranteed Obligations of the Subsidiary Guarantors;

(iv) any change, restructuring or termination of the corporate structure or existence of any Grantor or any of its Subsidiaries;

(v) any failure of any Investors to disclose to any Grantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor now or hereafter known to such Investors (each Subsidiary Guarantor waiving any duty on the part of the Investors to disclose such information);

(vi) the failure of any other Person to execute or deliver this Agreement, any Supplement or any other guarantee or agreement or the release or reduction of liability of any Subsidiary Guarantor or other guarantor or surety with respect to the Guaranteed Obligations; or

(vii) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Investors that might otherwise constitute a defense available to, or a discharge of, any Grantor or any other guarantor or surety, in each case other than payment in full of the Guaranteed Obligations (other than contingent indemnification obligations).

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

(c) Waivers and Acknowledgments. Each Subsidiary Guarantor hereby unconditionally and irrevocably waives:

(i) promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Subsidiary Guarantee and any requirement that any Investors protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Grantor or any other Person;

(ii) any right to revoke this Subsidiary Guarantee and acknowledges that this Subsidiary Guarantee is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future;

(iii) (A) any defense arising by reason of any claim or defense based upon an election of remedies by any Investors that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of such Subsidiary Guarantor or other rights of such Subsidiary Guarantor to proceed against any of the other Grantors, any other guarantor or any other Person, and (B) any defense based on any right of set-off or counterclaim against or in respect of the Obligations of such Subsidiary Guarantor hereunder;

(iv) any duty on the part of any Investors to disclose to such Subsidiary Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor or any of its Subsidiaries now or hereafter known by such Investors; and

(v) each Subsidiary Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Secured Transaction Documents and that the waivers set forth in Section 1.3(b) and this Section 1.3(c) are knowingly made in contemplation of such benefits.

(d) Subrogation. Each Subsidiary Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Company or any other Grantor that arise from the existence, payment, performance or enforcement of such Subsidiary Guarantor's obligations under or in respect of this Subsidiary Guarantee or any other Secured Transaction Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Investor against the Company or any other Grantor, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Company or any other Grantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations (other than contingent indemnification rights) shall have been paid in full in cash. If any amount shall be paid to any Subsidiary Guarantor in violation of the immediately preceding sentence at any time prior to the latest of the payment in full in cash of the Guaranteed Obligations (other than contingent indemnification rights), such amount shall be received and held in trust for the benefit of the Investors, shall be segregated from other property and funds of such Subsidiary Guarantor and shall forthwith be paid or delivered to the Collateral Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Secured Transaction Documents, or to be held as collateral for any Guaranteed Obligations. If (i) any Subsidiary Guarantor shall make payment to any Investor of all or any part of the Guaranteed Obligations and (ii) all of the Guaranteed Obligations (other than contingent indemnification rights) shall have been paid in full in cash, the Investors will, at such Subsidiary Guarantor's request and expense, execute and deliver to such Subsidiary Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Subsidiary Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by such Subsidiary Guarantor pursuant to this Subsidiary Guarantee.

(e) Subordination. Each Subsidiary Guarantor hereby subordinates any and all debts, liabilities and other obligations owed to such Subsidiary Guarantor by each other Grantor (the "Subordinated Obligations") to the Guaranteed Obligations to the extent and in the manner hereinafter set forth in this Section 1.3:

(i) Prohibited Payments, Etc. Except during the continuance of an Event of Default, each Subsidiary Guarantor may receive payments from any other Grantor on account of the Subordinated Obligations. Upon the occurrence and during the continuance of any Event of Default, however, no Subsidiary Guarantor may demand, accept or take any action to collect any payment on account of the Subordinated Obligations.

(ii) Prior Payment of Guaranteed Obligations. In any proceeding under any Bankruptcy Law relating to any other Grantor, each Subsidiary Guarantor agrees that the Investors shall be entitled to receive payment in full in cash of all Guaranteed Obligations (including all interest and expenses accruing after the commencement of a proceeding under any Bankruptcy Law, whether or not constituting an allowed claim in such proceeding ("Post-Petition Interest")) (other than contingent indemnification obligations) before such Subsidiary Guarantor receives payment of any Subordinated Obligations.

(iii) Turn-Over. Upon the occurrence and during the continuance of any Event of Default, each Subsidiary Guarantor shall upon written request by the Collateral Agent, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for the Investors and deliver such payments to the Collateral Agent on account of the Guaranteed Obligations (including all Post-Petition Interest), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of such Subsidiary Guarantor under the other provisions of this Subsidiary Guarantee.

(iv) Collateral Agent Authorization. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent is authorized and empowered (but without any obligation to so do), in its reasonable discretion, (A) in the name of each Subsidiary Guarantor, to collect and enforce, and to submit claims in respect of, the Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations (including any and all Post-Petition Interest), and (B) to require each Subsidiary Guarantor (1) to collect and enforce, and to submit claims in respect of, the Subordinated Obligations and (2) to pay any amounts received on such obligations to the Collateral Agent for application to the Guaranteed Obligations (including any and all Post-Petition Interest).

(f) Continuing Subsidiary Guarantee; Assignments. This Subsidiary Guarantee is a continuing guarantee and shall (i) remain in full force and effect until the payment in full in cash of the Guaranteed Obligations, (ii) be binding upon each Subsidiary Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by the Investors and their successors and permitted transferees and assigns.

(g) Mandatory Provisions of Bankruptcy Law. Nothing in this Section 1.3 shall limit any rights a receiver, liquidator, insolvency administrator may have under the German Insolvency Act (Insolvenzordnung).

(h) Subsidiary Guarantors' Obligations Unconditional. The covenants and agreements of each Subsidiary Guarantor set forth in this Guarantee shall be primary obligations of each Subsidiary Guarantor, and such obligations shall be continuing, absolute and unconditional, shall not be subject to any counterclaim, setoff, deduction, diminution, abatement, recoupment, suspension, deferment, reduction or defense (other than full and strict compliance by Subsidiary Guarantor with its obligations hereunder), whether based upon any claim that Parent, or any other Person may have against Investor or any other Person or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not each Subsidiary Guarantor or Parent shall have any knowledge or notice thereof) including, without limitation:

A. any amendment, modification, addition, deletion, supplement or renewal to or of or other change in the Obligations or the Secured Transaction Documents or any related instrument or agreement, or any other instrument or agreement applicable thereto or any of the parties to such agreements, or to any collateral, or any furnishing or acceptance of additional security for, guarantee of or right of offset with respect to, any of the Obligations; or the failure of any security or the failure of Investor to perfect or insure any interest in any collateral;

B. any failure, omission or delay on the part of Parent or Investor to conform or comply with any term of any instrument or agreement referred to in clause (A) above;

C. any waiver, consent, extension, indulgence, compromise, release or other action or inaction under or in respect of any instrument, agreement, guarantee, right of offset or security referred to in clause (A) above or any obligation or liability of Parent or Investor, or any exercise or non-exercise by Investor of any right, remedy, power or privilege under or in respect of any such instrument, agreement, guarantee, right of offset or security or any such obligation or liability;

D. any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding with respect to Parent, Investor or any other Person or any of their respective properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding;

E. any limitation on the liability or obligations of any Person under the Secured Transaction Documents or any other related instrument or agreement, the Obligations, any collateral security for the Obligations or any other guarantee of the Obligations or any discharge, termination, cancellation, frustration, irregularity, invalidity or unenforceability, in whole or in part, of any of the foregoing, or any other agreement, instrument, guarantee or security referred to in clause (A) above or any term of any thereof;

F. any merger or consolidation of Parent into or with any other Person or any sale, lease or transfer of any of the assets of Parent to any other Person;

G. any change in the ownership of any shares of capital stock of Parent or any corporate change in Parent; or

H. any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing and any other circumstance that might otherwise constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or that might otherwise limit recourse against each Subsidiary Guarantor.

The obligations of each Subsidiary Guarantor set forth herein constitute the full recourse obligations of each Subsidiary Guarantor, enforceable against it to the full extent of all its assets and properties.

Each Subsidiary Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by Investor upon this Guarantee or acceptance of this Guarantee, and the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee. Each Subsidiary Guarantor unconditionally waives, to the extent permitted by law: (a) acceptance of this Guarantee and proof of reliance by Investor hereon; (b) notice of any of the matters referred to in the foregoing clauses A through H hereof, or any right to consent or assent to any thereof; (c) all notices that may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights against each Subsidiary Guarantor, including without limitation, any demand, presentment, protest, proof or notice of nonpayment under the Secured Transaction Documents or any related instrument or agreement, and notice of default or any failure on the part of Parent to perform and comply with any covenant, agreement, term or condition of the Secured Transaction Documents or any related instrument or agreement; (d) any right to the enforcement, assertion or exercise against Parent of any right, power, privilege or remedy conferred in the Loan Document or any related instrument or agreement or otherwise; (e) any requirement of diligence on the part of any Person; (f) any requirement of Investor to take any action whatsoever, to exhaust any remedies or to mitigate the damages resulting from a default under the Secured Transaction Documents or any related instrument or agreement; (g) any notice of any sale, transfer or other disposition by any Person of any right under, title to or interest in the Secured Transaction Documents or any related instrument or agreement relating thereto or any collateral for the Obligations; and (h) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge, release or defense of a guarantor or surety, or that might otherwise limit recourse against any Subsidiary Guarantor (including, without limitation, any and all benefits under California Civil Code Sections 2809, 2810, 2819, 2822, 2825, 2845, 2846, 2847, 2848, 2849, 2850, 2899 and 3433).

Without limiting the foregoing, each Subsidiary Guarantor hereby absolutely, unconditionally and irrevocably waives and agrees not to assert or take advantage of any defense based upon an election of remedies by Investor, including an election to proceed by non-judicial rather than judicial foreclosure, which destroys or impairs any right of subrogation of each Subsidiary Guarantor or the right of each Subsidiary Guarantor to proceed against any Person for reimbursement or both.

Each Subsidiary Guarantor agrees that this Guarantee shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Parent is rescinded or must be otherwise restored by Investor, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Each Subsidiary Guarantor further agrees that, without limiting the generality of this Guarantee, if an Event of Default shall have occurred and be continuing and Investor is prevented by applicable law from exercising its remedies under the Secured Transaction Documents, Investor shall be entitled to receive hereunder from each Subsidiary Guarantor, upon demand therefor, the sums which would have otherwise been due from Parent had such remedies been exercised.

Section 1.4 Grant of Security

(a) Grant by Grantors. As security for the payment or performance, as applicable, in full of the Obligations, each Grantor hereby pledges and grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a lien on and security interest (the "Security Interest") in and to all of the right, title and interest of such Grantor in, to and under the following property, wherever located, whether now existing or hereafter arising or acquired from time to time (all of which being hereinafter collectively referred to as the "Collateral"):

(i) all Accounts,

(ii) all Deposit Accounts and Securities Accounts, including all Cash Collateral Accounts,

(iii) all Chattel Paper, Documents and Instruments,

(iv) all Commercial Tort Claims,

(v) all Equipment,

(vi) all General Intangibles,

(vii) all Goods,

(viii) all Insurance,

(ix) all Instruments,

(x) all Intellectual Property, but excluding in all cases all intent-to-use United States trademark applications for which an amendment to allege use or statement of use has not been filed under 15 U.S.C. § 1051(c) or 15 U.S.C. § 1051(d), respectively, or if filed, has not been deemed in conformance with 15 U.S.C. § 1051(a) or examined and accepted, respectively, by the United States Patent and Trademark Office provided that upon such filing and acceptance, such intent-to-use applications shall be included in the definition of Collateral,

(xi) all Inventory,

(xii) all Investment Property, including all Pledged Collateral,

(xiii) all Proceeds of Authorizations,

(xiv) all Receivables and Receivables Records,

(xv) all other goods and personal property of such Grantor, whether tangible or intangible, wherever located, including letters of credit,

(xvi) to the extent not otherwise included in clauses (i) through (xv) of this Section, all Collateral Records, Collateral Support and Supporting Obligations in respect of any of the foregoing,

(xvii) to the extent not otherwise included in clauses (i) through (xvi) of this Section, all other property in which a security interest may be granted under the UCC or which may be delivered to and held by the Collateral Agent pursuant to the terms hereof (including the account referred to in Section 3.4(c)(ii) and all funds and other property from time to time therein or credited thereto),

(xviii) all Collateral of Twistbox Games Ltd. & Co. KG as further defined in Schedule 1.4(a) in compliance with mandatory German law, and

(xix) to the extent not otherwise included in clauses (i) through (xvii) of this Section, all Proceeds, products, substitutions, accessions, rents and profits of or in respect of any of the foregoing.

(b) Revisions to UCC. For the avoidance of doubt, it is expressly understood and agreed that, to the extent the UCC is revised after the date hereof such that the definition of any of the foregoing terms included in the description or definition of the Collateral is changed, the parties hereto desire that any property which is included in such changed definitions, but which would not otherwise be included in the Security Interest on the date hereof, nevertheless be included in the Security Interest upon the effective date of such revision. Notwithstanding the immediately preceding sentence, the Security Interest is intended to apply immediately on the date hereof to all of the Collateral to the fullest extent permitted by applicable law, regardless of whether any particular item of the Collateral was then subject to the UCC.

ARTICLE 2.

SECURITY FOR OBLIGATIONS; NO ASSUMPTION OF LIABILITY

Section 2.1 Security for Obligations

This Guarantee and Security Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of Title 11 of the United States Code, or any similar provision of any other bankruptcy, insolvency, receivership or other similar law), of all Obligations with respect to each Grantor.

Section 2.2 No Assumption of Liability

Notwithstanding anything to the contrary herein, the Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 3.1 Generally

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that:

(i) As of the Applicable Date, (A) such Grantor's chief executive office or its principal place of business is, and for the preceding four months has been, located at the office indicated on Schedule 3.1(a)(i), (B) such Grantor's jurisdiction of organization is the jurisdiction indicated on Schedule 3.1(a)(i), and (C) such Grantor's Federal Employer Identification Number and/or company organizational number is as set forth on Schedule 3.1(a)(i).

(ii) As of the Applicable Date, (A) such Grantor's full legal name is as set forth on Schedule 3.1(a)(ii) and (B) such Grantor has not changed its legal name in the preceding five years, except as set forth on Schedule 3.1(a)(ii).

(iii) Such Grantor has not within the five years preceding the Applicable Date become bound (whether as a result of merger or otherwise) as debtor under a security agreement entered into by another Person, which has not theretofore been terminated.

(iv) Such Grantor has good and valid rights in, and title to, the Collateral with respect to which it has purported to grant the Security Interest, except for minor defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such Collateral for its intended purposes, and except for Permitted Liens.

(v) To the best of such Grantor's knowledge, all actions and consents, including all filings, notices, registrations and recordings, necessary or desirable to create, perfect or ensure the first priority (subject only to Liens expressly permitted by the Secured Transaction Documents) of the Security Interest in the Collateral owned or held by it or on its behalf or for the exercise by the Collateral Agent or any other Secured Party of any voting or other rights provided for in this Guarantee and Security Agreement or the exercise of any remedies in respect of any such Collateral have been made or obtained, (A) except for (1) the filing of UCC financing statements naming such Grantor as "debtor" and the Collateral Agent as "secured party", or the making of other appropriate filings, registrations or recordings, containing a description of such Collateral in each applicable governmental, municipal or other office specified on Schedule 3.1(a)(v)(A), (2) the filing, registration or recordation of fully executed security agreements in the form hereof (or in such other form as shall be in all respects satisfactory to the Collateral Agent) and containing a description of all such Collateral consisting of Patents, Trademarks and Copyrights, together with all other necessary documents, in each applicable governmental registry or office, (3) Deposit Accounts, (4) Collateral in which the Security Interest may be perfected only by possession, the delivery of which to the Collateral Agent is not required hereunder; (B) except for any such Collateral as to which the representations and warranties in this Section 3.1(a)(v) would not be true solely by virtue of such Collateral having been used or disposed of in a manner expressly permitted hereunder or under any other Secured Transaction Document; and (C) except to the extent that such Security Interest may not be perfected by filing, registering, recording or taking any other action in the United States. The filing, in a timely manner, of the Securities Purchase Agreement and/or the Guarantee and Security Agreement and/or the Pledge Agreements with the following governmental bodies is required in order to perfect the security interests granted thereunder:

(A) The United States Patent and Trademark Office and the United States Copyright Office

(B) The Patents, Trademarks and Designs Office of any other jurisdiction.

The Collateral Agent agrees that it shall not seek (nor require any Grantor to take any action in order) to perfect its Security Interest in the trademarks set forth on Schedule 3.1(a)(v)(B).

Subsequent recording and filing with the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on registered patents, trademarks, trademark applications and copyrights acquired by the Company or any of its Subsidiaries after the date hereof.

(vi) It has not filed or authorized the filing of (A) any financing statement or analogous document under the UCC or any other applicable laws covering any such Collateral, (B) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with the United States Patent and Trademark Office or the United States Copyright Office, or (C) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with any foreign governmental, municipal or other office, in each case, which financing statement, analogous document, assignment or other instrument, as applicable, is still in effect, except for Liens expressly permitted by the Secured Transaction Documents.

(vii) The Security Interest in the Collateral owned or held by it or on its behalf (A) is effective to vest in the Collateral Agent, on behalf of the Secured Parties, the rights of the Collateral Agent in such Collateral as set forth herein and (B) does not violate Regulation T, U or X as of the Applicable Date.

(viii) Immediately after the Applicable Date, (i) the fair value of the assets of the Grantors, taken as a whole, at a fair valuation, will exceed their debts and liabilities, subordinated, contingent or otherwise, (ii) the present fair saleable value of the property of the Grantors, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (iii) each Grantor will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured, and (iv) each of the Grantors will not have unreasonably small capital with which to conduct the business following such date.

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

(i) It will promptly notify the Collateral Agent in writing of any change (A) in its legal name, (B) in the location of its chief executive office, principal place of business, any office in which it maintains books or records relating to any of the Collateral owned or held by it or on its behalf or, except to the extent permitted by Section 3.1(b)(vii) or Section 3.2, any office or facility at which any such Collateral is located (including the establishment of any such new office or facility), (C) in its identity or legal or organizational structure or its jurisdiction of formation, or (D) in its Federal Taxpayer Identification Number. It agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral with the priority required hereby.

(ii) It shall maintain, at its own cost and expense, such complete and accurate Records with respect to the Collateral owned or held by it or on its behalf as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which it is engaged, but in any event to include complete accounting Records indicating all payments and proceeds received with respect to any part of such Collateral.

(iii) It shall, at its own cost and expense, take any and all actions reasonably necessary to defend title to the Collateral owned or held by it or on its behalf against all Persons and to defend the Security Interest in such Collateral and the priority thereof against any Lien or other interest not expressly permitted by the Secured Transaction Documents, and in furtherance thereof, it shall not take, or permit to be taken, any action not otherwise expressly permitted by the Secured Transaction Documents that is reasonably likely to impair the Security Interest or the priority thereof or any Secured Party's rights in or to such Collateral in violation hereof.

(iv) The Collateral Agent and such Persons as the Collateral Agent may designate shall have the right at reasonable times and on reasonable notice, at the cost and expense of such Grantor, to inspect all of its Records (and to make extracts and copies from such Records), to discuss its affairs with its officers and (to the extent consented to by such independent accountants) independent accountants and to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral owned or held by or on behalf of such Grantor, including, upon the occurrence and during the continuance of any Event of Default, in the case of Receivables, Pledged Debt, General Intangibles, Commercial Tort Claims or Collateral in the possession of any third person, by contacting Account Debtors, contract parties or other obligors thereon or any third person possessing such Collateral for the purpose of making such a verification. The Collateral Agent shall maintain the confidentiality of all such information and shall have the absolute right to share on a confidential basis any information it gains from such inspection or verification with any Secured Party.

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

(vi) It shall not be excused from liability as a result of granting of the Security Interest pursuant to this Guarantee and Security Agreement to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral owned or held by it or on its behalf, all in accordance with the terms and conditions thereof and it agrees, jointly with the other Grantors and severally, to indemnify and hold harmless the Collateral Agent and the other Secured Parties from and against any and all liability for such performance.

(vii) It shall not make, or permit to be made, an assignment, pledge or hypothecation of the Collateral owned or held by it or on its behalf, or grant any other Lien in respect of such Collateral, except Permitted Liens. Except as expressly permitted by the Secured Transaction Documents, it shall not make or permit to be made any transfer of such Collateral, and it shall remain at all times in possession of such Collateral and the direct owner, beneficially and of record, of the Pledged Equity Interests included in such Collateral, except that (A) Inventory may be sold in the ordinary course of business and (B) unless and until the Collateral Agent shall notify it that an Event of Default shall have occurred and be continuing and that, during the continuance thereof, it shall not sell, convey, lease, assign, transfer or otherwise dispose of any such Collateral (which notice may be given by telephone if promptly confirmed in writing), it may use and dispose of such Collateral in any lawful manner not inconsistent with the provisions of this Guarantee and Security Agreement or any other Secured Transaction Document.

Section 3.2 Equipment and Inventory

Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that, except for such Equipment and Inventory that does not exceed a book value of $100,000 in the aggregate for all Grantors, as of the Applicable Date, all of the Equipment and Inventory included in the Collateral owned or held by it or on its behalf (other than mobile goods and Inventory and Equipment in transit) is kept only at the locations specified on Schedule 3.2. In addition, each Grantor covenants and agrees that it shall not permit any Equipment or Inventory owned or held by it or on its behalf to be in the possession or control of any warehouseman, bailee, agent or processor for a period of greater than ninety (90) consecutive days, unless such warehouseman, bailee, agent or processor shall have been notified of the Security Interest and shall have agreed in writing to hold such Equipment or Inventory subject to the Security Interest and the instructions of the Collateral Agent and to waive and release any Lien held by it with respect to such Equipment or Inventory, whether arising by operation of law or otherwise.

Section 3.3 Receivables

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that, except for Receivables valued at less than $25,000 individually and $100,000 in the aggregate for all Grantors, no Receivable is evidenced by an Instrument (other than checks received in the ordinary course of business) or Chattel Paper that has not been delivered to the Collateral Agent.

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

(i) At the reasonable request of the Collateral Agent, it shall mark conspicuously, in form and manner reasonably satisfactory to the Collateral Agent, all Chattel Paper, Instruments (other than checks received in the ordinary course of business) and other evidence of any Receivables owned or held by it or on its behalf (other than any delivered to the Collateral Agent as provided herein and other than purchase orders sent to customers), as well as the related Receivables Records with an appropriate reference to the fact that the Collateral Agent has a security interest therein.

(ii) It will not, without the Collateral Agent's prior written consent (which consent shall not be unreasonably withheld), grant any extension of the time of payment of any such Receivable, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Supporting Obligation or Collateral Support relating thereto, or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, releases, compromises or settlements granted or made in the ordinary course of business and consistent with its then current practices and in accordance with such practices reasonably believed by such Grantor to be prudent.

(iii) Except as otherwise provided in this Section and unless otherwise determined by such Grantor in accordance with its good faith business judgment, it shall continue to use its best efforts to collect all amounts due or to become due to it under all such Receivables and any Supporting Obligations or Collateral Support relating thereto, and diligently exercise each material right it may have thereunder, in each case at its own cost and expense, and in connection with such collections and exercise, it shall, upon the occurrence and during the continuance of an Event of Default, take such action as it or the Collateral Agent may reasonably deem necessary. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time upon the occurrence and during the continuance of an Event of Default to notify, or require such Grantor to notify, any Account Debtor with respect to any such Receivable, Supporting Obligation or Collateral Support of the Collateral Agent's security interest therein, and in addition, at any time during the continuation of an Event of Default, the Collateral Agent may: (A) direct such Account Debtor to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent and (B) enforce, at the cost and expense of such Grantor, collection thereof and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor would be able to have done. If the Collateral Agent notifies such Grantor that it has elected to collect any such Receivable, Supporting Obligation or Collateral Support in accordance with the preceding sentence, any payments thereof received by such Grantor shall not be commingled with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent hereunder and shall be forthwith delivered to the Collateral Agent in the same form as so received (with any necessary endorsement), and such Grantor shall not grant any extension of the time of payment thereof, compromise, compound or settle the same for less than the full amount thereof, release the same, wholly or partly, or allow any credit or discount whatsoever thereon.

(iv) It shall use its reasonable best efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to any Receivable.

Section 3.4 Investment Property

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that:

(i) Schedule 3.4 sets forth, as of the Applicable Date, (i) all of the Investment Property (other than (A) Receivables not evidenced by an Instrument or Chattel Paper and (B) Equity Interests with an immaterial value) owned or held by or on behalf of such Grantor to the extent not held in a Securities Account and (ii) each Securities Account or commodities account maintained by or on behalf of such Grantor.

(ii) All Pledged Equity Interests have been duly authorized and validly issued and are fully paid and nonassessable, and such Grantor is the direct owner, beneficially and of record, thereof, free and clear of all Liens (other than Liens expressly permitted by the Secured Transaction Documents).

(iii) All Pledged Debt other than Pledged Debt described on Schedule 3.4 hereto has been duly authorized, issued and delivered and, where necessary, authenticated, and constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, and general equitable principles (whether considered in a proceeding in equity or at law).

(iv) All Investment Property, other than Investment Property held in a Securities Account identified on Schedule 3.4, consisting of certificated securities, Chattel Paper or Instruments other than checks received in the ordinary course of business has been delivered to the Collateral Agent.

(v) Other than the Pledged Equity Interests that constitute General Intangibles, there is no Investment Property other than that (x) represented by certificated securities or Instruments in the possession of the Collateral Agent or (y) held in a Securities Account identified on Schedule 3.4.

(b) Registration in Nominee Name; Denominations. Each Grantor hereby agrees that (i) without limiting Article 5, the Collateral Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion) to hold any Investment Property in its own name as pledgee, the name of its nominee (as pledgee or as sub agent) or the name of the applicable Grantor, endorsed or assigned, where applicable, in blank or in favor of the Collateral Agent, (ii) at the Collateral Agent's request, such Grantor will promptly give to the Collateral Agent copies of any material notices or other communications received by it with respect to any Investment Property registered in its name, and (iii) the Collateral Agent shall at all times have the right to exchange any certificates, instruments or other documents representing or evidencing any Investment Property owned or held by or on behalf of such Grantor for certificates, instruments or other documents of smaller or larger denominations for any purpose consistent with this Guarantee and Security Agreement.

(c) Voting and Distributions.

(i) Unless and until an Event of Default shall have occurred and be continuing:

(A) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of the Investment Property, or any part thereof, for any purpose not inconsistent with the terms of this Guarantee and Security Agreement and the other Secured Transaction Documents; provided, however, that such Grantor will not be entitled to exercise any such right if the result thereof could materially and adversely affect the rights inuring to a holder of the Investment Property or the rights and remedies of the Collateral Agent under this Guarantee and Security Agreement or any other Secured Transaction Document or the ability of the Collateral Agent to exercise the same.

(B) The Collateral Agent shall execute and deliver to each Grantor, or cause to be executed and delivered to each Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling it to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subsection (c)(i)(A) and to receive the cash payments it is entitled to receive pursuant to subsection (c)(i)(C).

(C) Each Grantor shall be entitled to receive, retain and use any and all cash dividends, interest and principal paid on the Investment Property owned or held by it or on its behalf to the extent and only to the extent that such cash dividends, interest and principal are not prohibited by, and otherwise paid in accordance with, the terms and conditions of the Securities Purchase Agreement, the other Secured Transaction Documents and applicable laws. All non cash dividends, interest and principal, and all dividends, interest and principal paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution, return of capital, capital surplus or paid in surplus, and all other distributions (other than distributions referred to in the preceding sentence) made on or in respect of the Investment Property, whether paid or payable in cash or otherwise, whether resulting from a subdivision, combination or reclassification of the outstanding Pledged Equity Interests in any issuer of any Investment Property or received in exchange for any Investment Property, or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Collateral, and, if received by such Grantor, shall not be commingled with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent hereunder and shall be forthwith delivered to the Collateral Agent in the same form as so received (with any necessary endorsement).

(ii) Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default:

(A) Upon the direction of the Collateral Agent, all rights of each Grantor to dividends, interest or principal that it is authorized to receive pursuant to subsection (c)(i)(C) shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest or principal, as applicable. All dividends, interest and principal received by or on behalf of any Grantor contrary to the provisions of this Section shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this subsection (c)(ii)(A) shall be retained by the Collateral Agent in an account to be established in the name of the Collateral Agent, for the ratable benefit of the Secured Parties, upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 6.2. Subject to the provisions of this subsection (c)(ii)(A), such account shall at all times be under the sole dominion and control of the Collateral Agent, and the Collateral Agent shall at all times have the sole right to make withdrawals therefrom and to exercise all rights with respect to the funds and other property from time to time deposited therein or credited thereto as set forth in the Secured Transaction Documents. After all Events of Default have been cured or waived, the Collateral Agent shall, within five Business Days after all such Events of Default have been cured or waived, repay to the applicable Grantor all cash dividends, interest and principal (without interest) that such Grantor would otherwise be permitted to retain pursuant to the terms of subsection (c)(i)(C) and which remain in such account.

(B) Upon the direction of the Collateral Agent, all rights of each Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to subsection (c)(i)(A), and the obligations of the Collateral Agent under subsection (c)(i)(B), shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers, provided that, unless otherwise directed by the Investors, the Collateral Agent shall have the right from time to time upon the occurrence of and during the continuance of an Event of Default to permit such Grantor to exercise such rights. After all Events of Default have been cured or waived, the applicable Grantor will have the right to exercise the voting and consensual rights and powers that it would otherwise be entitled to exercise pursuant to the terms of subsection (c)(i)(A).

(d) Covenants and Agreements. [Intentionally Omitted]

Section 3.5 Letter of Credit Rights

Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that Schedule 3.5 sets forth, as of the Applicable Date, each letter of credit giving rise to a Letter of Credit Right included in the Collateral owned or held by or on behalf of such Grantor.

Section 3.6 Intellectual Property Collateral

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that Schedule 3.6 sets forth, as of the Applicable Date, all of the Patents, material Patent Licenses, Trademarks, Trademark Licenses, material Copyrights, material Copyright Licenses, Trade Secret Licenses and Domain Names included in the Collateral owned or held by such Grantor.

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

(i) It will not, knowingly or intentionally, nor will it permit any of its licensees (or sublicensees) to, do any act, or omit to do any act, whereby any Patent that is related to the conduct of its business may become invalidated or dedicated to the public, and it shall use its reasonable best efforts to continue to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws.

(ii) It will (either directly or through its licensees or its sublicensees), for each Trademark that is necessary for the conduct of its business, (A) maintain such Trademark in full force free from any claim of abandonment or invalidity for non use, (B) display such Trademark with notice of Federal or other analogous registration to the extent necessary and sufficient to establish and preserve its rights under applicable law, and (C) not knowingly use or knowingly permit the use of such Trademark in violation of any third party's valid and legal rights.

(iii) It will promptly notify the Collateral Agent in writing if it knows or has reason to know that any Intellectual Property material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or the United States Copyright Office, or any similar offices or tribunals in the United States or any other country) regarding such Grantor's ownership of any such Intellectual Property, its right to register the same, or to keep and maintain the same.

(iv) Within thirty (30) days following the last day of each fiscal quarter (and at such other times as the Collateral Agent shall reasonably request) each Grantor shall execute and deliver to the Collateral Agent a Copyright Security Agreement, Trademark Security Agreement and/or Patent Security Agreement, as applicable, containing a description of all Intellectual Property in which such Grantor has obtained an ownership interest during such fiscal quarter or which is not otherwise covered by any previously filed Copyright Security Agreement, Trademark Security Agreement or Patent Security Agreement, as applicable, and each Grantor hereby appoints the Collateral Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable.

(v) It will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar offices or tribunals in the United States and the European Union, and except as otherwise determined in its good faith business judgment, any other country, to maintain and pursue each material application relating to the Intellectual Property owned or held by it (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registered Trademark and Copyright that is material to the conduct of its business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent, in good faith, with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties. In the event that it has reason to believe that any Intellectual Property material to the conduct of its business has been or is about to be infringed, misappropriated or diluted by a third party, it promptly shall notify the Collateral Agent in writing and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Intellectual Property.

(vi) During the continuance of an Event of Default, it shall use its reasonable best efforts to obtain all requisite consents or approvals by the licenser of each License to effect the assignment (as collateral security) of all of its right, title and interest thereunder to the Collateral Agent or its designee.

(vii) It shall take all steps reasonably necessary to protect the secrecy of all Trade Secrets relating to the products and services sold or delivered under or in connection with the Intellectual Property owned or held by, including entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents.

(viii) It shall in accordance with its past practices continue to collect all amounts due or to become due to such Grantor under all Intellectual Property, and diligently exercise each material right it may have thereunder, in each case at its own cost and expense, and in connection with such collections and exercise, it shall, upon the occurrence and during the continuance of an Event of Default, take such action as it or the Collateral Agent may reasonably deem necessary. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to notify, or require such Grantor to notify, any relevant obligors with respect to such amounts of the Collateral Agent's security interest therein.

Section 3.7 Commercial Tort Claims

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that Schedule 3.7 sets forth, as of the Applicable Date, all Commercial Tort Claims made by it or on its behalf or to which it otherwise has any right, title or interest.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that promptly after the same shall have been commenced, it shall provide to the Collateral Agent written notice of any Commercial Tort Claim and any judgment, settlement or other disposition thereof.

Section 3.8 Deposit Accounts.

(a) Representations and Warranties. The only Deposit Accounts maintained by any Grantor on the Applicable Date are those listed on Schedule 3.8 which sets forth such information separately for each Grantor.

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

Following the Applicable Date, each Grantor shall provide the Investors and Collateral Agent fifteen (15) days written notice prior to the formation of a Deposit Account.

ARTICLE 4.

FURTHER ASSURANCES

Each Grantor hereby covenants and agrees, at its own cost and expense, to execute, acknowledge, deliver and/or cause to be duly filed all such further agreements, instruments and other documents (including favorable legal opinions in connection with any Transaction) that may be reasonably requested by the Collateral Agent, and take all such further actions, that the Collateral Agent may from time to time reasonably request to preserve, protect and perfect the Security Interest granted by it and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with its execution and delivery of this Guarantee and Security Agreement, the granting by it of the Security Interest and the filing of any financing statements or other documents in connection herewith or therewith. In addition, to the extent permitted by applicable law, each Grantor hereby irrevocably authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral owned or held by it or on its behalf without the signature of such Grantor and additionally agrees that a photographic or other reproduction of this Guarantee and Security Agreement may be filed with the United States Patent and Trademark Office and/or the United States Copyright Office, as applicable. Each Grantor hereby further irrevocably authorizes the Collateral Agent to file a Record or Records, including financing statements, in all jurisdictions and with all filing offices that the Collateral Agent may determine, in its sole and absolute discretion, are necessary, advisable or prudent to perfect the Security Interest granted by it and agrees that such financing statements may describe the Collateral owned or held by it or on its behalf in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner that the Collateral Agent may determine, in its sole and absolute discretion, is necessary, advisable or prudent to perfect the Security Interest granted by such Grantor, including describing such property as “all assets” or “all personal property.”

ARTICLE 5.

COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT

Each Grantor hereby appoints the Collateral Agent and any officer or agent thereof, as its true and lawful agent and attorney in fact for the purpose of carrying out the provisions of this Guarantee and Security Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest, and without limiting the generality of the foregoing, the Collateral Agent shall have the right, with power of substitution for such Grantor and in such Grantor's name or otherwise, for the use and benefit of the Collateral Agent and the other Secured Parties, upon the occurrence and during the continuance of an Event of Default, (i) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral owned or held by it or on its behalf or any part thereof; (ii) to demand, collect, receive payment of, give receipt for, and give discharges and releases of, any of such Collateral; (iii) to sign the name of such Grantor on any invoice or bill of lading relating to any of such Collateral; (iv) to send verifications of Receivables owned or held by it or on its behalf to any Account Debtor; (v) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on any of the Collateral owned or held by it or on its behalf or to enforce any rights in respect of any of such Collateral; (vi) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to any of such Collateral; (vii) to notify, or to require such Grantor to notify, Account Debtors and other obligors to make payment directly to the Collateral Agent, and (viii) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with any of such Collateral, and to do all other acts and things necessary to carry out the purposes of this Guarantee and Security Agreement, as fully and completely as though the Collateral Agent were the absolute owner of such Collateral for all purposes; provided, however, that nothing herein contained shall be construed as requiring or obligating the Collateral Agent or any other Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any other Secured Party, or to present or file any claim or notice, or to take any action with respect to any of the Collateral or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Collateral Agent or any other Secured Party with respect to any of the Collateral shall give rise to any defense, counterclaim or offset in favor of such Grantor or to any claim or action against the Collateral Agent or any other Secured Party in the absence of the Collateral Agent's or such Secured Party's gross negligence or willful misconduct. The provisions of this Article shall in no event relieve any Grantor of any of its obligations hereunder or under the other Secured Transaction Documents with respect to any of the Collateral or impose any obligation on the Collateral Agent or any other Secured Party to proceed in any particular manner with respect to any of the Collateral, or in any way limit the exercise by the Collateral Agent or any other Secured Party of any other or further right that it may have on the date of this Guarantee and Security Agreement or hereafter, whether hereunder, under any other Secured Transaction Document, by law or otherwise. Any sale pursuant to the provisions of this paragraph shall conform to the commercially reasonable standards as provided in Part 6 of Article 9 of the UCC.

ARTICLE 6.

REMEDIES UPON DEFAULT

Section 6.1 Remedies Generally

(a) General Rights. Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral owned or held by it or on its behalf to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times to the extent permitted by law: (i) with respect to any Collateral consisting of Intellectual Property or Commercial Tort Claims, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any such Collateral by the applicable Grantors to the Collateral Agent, or, in the case of Intellectual Property, to license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained), and (ii) with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral owned or held by it or on its behalf and without liability for trespass to enter any premises where such Collateral may be located for the purpose of taking possession of or removing such Collateral and, generally, to exercise any and all rights afforded to a secured party under the UCC or other applicable law. Without limiting the generality of the foregoing, each Grantor agrees that, upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of any of the Collateral owned or held by or on behalf of such Grantor, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be irrevocably authorized at any such sale of such Collateral constituting securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing such Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale, the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of the applicable Grantor, and such Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay, valuation and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

(b) Sale of Collateral. The Collateral Agent shall give each Grantor ten days' written notice (which such Grantor agrees is reasonable notice within the meaning of Part 6 of Article 9 of the UCC) of the Collateral Agent's intention to make any sale of any of the Collateral owned or held by or on behalf of such Grantor. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which such Collateral will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of any of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by applicable law, private) sale made pursuant to this Section, any Secured Party may bid for or purchase, free (to the extent permitted by applicable law) from any right of redemption, stay, valuation or appraisal on the part of such Grantor (all said rights being also hereby waived and released to the extent permitted by law), any of the Collateral offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from such Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to such Grantor therefor. For purposes hereof, (i) a written agreement to purchase any of the Collateral shall be treated as a sale thereof, (ii) the Collateral Agent shall be free to carry out such sale pursuant to such agreement, and (iii) no Grantor shall be entitled to the return of any of the Collateral subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose upon any of the Collateral and to sell any of the Collateral pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Without limiting the generality of the foregoing, each Grantor agrees as follows: (A) if the proceeds of any sale of the Collateral owned or held by it or on its behalf pursuant to this Article are insufficient to pay all the Obligations, it shall be liable for the resulting deficiency and the fees, charges and disbursements of any counsel employed by the Collateral Agent or any other Secured Party to collect such deficiency, (B) it hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any such Collateral may have been sold at any private sale pursuant to this Article was less than the price that might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree, (C) there is no adequate remedy at law for failure by it to comply with the provisions of this Section and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements in this Section may be specifically enforced, (D) the Collateral Agent may sell any such Collateral without giving any warranties as to such Collateral, and the Collateral Agent may specifically disclaim any warranties of title or the like, and (E) the Collateral Agent shall have no obligation to marshal any such Collateral.

Section 6.2 Application of Proceeds of Sale

The Collateral Agent shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, as follows:

FIRST, to the payment of all reasonable costs and expenses incurred by the Collateral Agent in connection with such collection or sale or otherwise in connection with this Guarantee and Security Agreement, any other Secured Transaction Document or any of the Obligations, including all out of pocket court costs and the reasonable fees and expenses of its agents and legal counsel, the repayment of all advances made by the Collateral Agent hereunder or under any other Secured Transaction Document on behalf of any Grantor and any other reasonable out-of-pocket costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Secured Transaction Document;

SECOND, to the payment in full of the Obligations (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of the Obligations owed to them on the date of any such distribution); and

THIRD, to the applicable Grantor, its successors or assigns, or as a court of competent jurisdiction may otherwise direct.

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

Section 6.3 Investment Property

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

Section 6.4 Grant of License to Use Intellectual Property

For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Article, at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent an irrevocable, non exclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sub license any of the Collateral consisting of Intellectual Property now owned or held or hereafter acquired or held by or on behalf of such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent shall be exercised, at the option of the Collateral Agent, upon the occurrence and during the continuation of an Event of Default; provided that any license, sub license or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon such Grantor notwithstanding any subsequent cure of an Event of Default. Any royalties and other payments received by the Collateral Agent shall be applied in accordance with Section 6.2.

ARTICLE 7.

REIMBURSEMENT OF COLLATERAL AGENT

Each Grantor agrees, jointly with the other Grantors and severally, to pay to the Collateral Agent the amount of any and all reasonable out-of-pocket expenses, including the fees, other charges and disbursements of counsel and of any experts or agents, that the Collateral Agent may incur in connection with (i) the administration of this Guarantee and Security Agreement relating to such Grantor or any of its property, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral owned or held by or on behalf of such Grantor, (iii) the exercise, enforcement or protection of any of the rights of the Collateral Agent hereunder relating to such Grantor or any of its property, or (iv) the failure by such Grantor to perform or observe any of the provisions hereof. Without limitation of its indemnification obligations under the other Secured Transaction Documents, each of the Grantors agrees, jointly with the other Grantors and severally, to indemnify the Collateral Agent and each Related Party thereof (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related out-of-pocket expenses, including reasonable counsel fees, other charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (a) the execution or delivery by such Grantor of this Guarantee and Security Agreement or any other Secured Transaction Document or any agreement or instrument contemplated hereby or thereby, or the performance by such Grantor of its obligations under the Secured Transaction Documents and the other transactions contemplated thereby or (b) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by judgment of a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of such Indemnitee. Any amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Secured Transaction Documents. The provisions of this Section shall remain operative and in full force and effect regardless of the termination of this Guarantee and Security Agreement or any other Secured Transaction Document, the consummation of the transactions contemplated hereby or thereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Guarantee and Security Agreement or any other Secured Transaction Document or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section shall be payable within ten days of written demand therefor and shall bear interest at the then prevailing rate under the Secured Notes.

ARTICLE 8.

WAIVERS; AMENDMENTS

No failure or delay of the Collateral Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent and the other Secured Parties hereunder and under the other Secured Transaction Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Guarantee and Security Agreement or any other Secured Transaction Document or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Grantor in any case shall entitle such Grantor to any other or further notice or demand in similar or other circumstances. Neither this Guarantee and Security Agreement nor any provision hereof may be waived, amended, supplemented or otherwise modified, or any departure therefrom consented to, except pursuant to an agreement or agreements in writing entered into by the Grantors and Investors holding more than a majority of the aggregate principal amount of the Senior Secured Notes then outstanding, provided that no such agreement shall waive, amend, supplement or otherwise modify, or consent to a departure to, the rights or duties of the Collateral Agent hereunder without the prior written consent of the Collateral Agent.

ARTICLE 9.

SECURITY INTEREST ABSOLUTE

All rights of the Collateral Agent hereunder, the Security Interest and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of the Securities Purchase Agreement, any other Secured Transaction Document, any agreement with respect to any of the Obligations, or any other agreement or instrument relating to any of the foregoing, (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other waiver, amendment, supplement or other modification of, or any consent to any departure from, the Securities Purchase Agreement, any other Secured Transaction Document or any other agreement or instrument relating to any of the foregoing, (iii) any exchange, release or non-perfection of any Lien on any other collateral, or any release or waiver, amendment, supplement or other modification of, or consent under, or departure from, any guarantee, securing or guaranteeing all or any of the Obligations, or (iv) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or in respect of this Guarantee and Security Agreement or any other Secured Transaction Document.

ARTICLE 10.

TERMINATION; RELEASE

This Guarantee and Security Agreement and the Security Interest shall terminate and be of no further force and effect when the Obligations shall have been finally and indefeasibly paid in full. Upon (i) any sale, transfer or other disposition permitted by the Secured Transaction Documents (other than any sale, transfer or other disposition of any Collateral that would, immediately after giving effect thereto, continue to be Collateral but for the release of the Security Interest therein pursuant to this clause) or (ii) the effectiveness of any written consent to the release of the Security Interest in any Collateral, the Security Interest in such Collateral shall be automatically released. In addition, if any of the Pledged Equity Interests in any Subsidiary are sold, transferred or otherwise disposed of pursuant to a transaction permitted by the Secured Transaction Documents and, immediately after giving effect thereto, such Subsidiary or subsidiary, as applicable, would no longer be a Subsidiary or a subsidiary, as applicable, then the obligations of such Subsidiary or subsidiary, as applicable, under this Guarantee and Security Agreement and the Security Interest in the Collateral owned or held by or on behalf of such Subsidiary or such subsidiary, as applicable, shall be automatically released. In connection with any termination or release pursuant to this Section, the Collateral Agent shall execute and deliver to the applicable Grantor, and hereby authorizes the filing of, at such Grantor's cost and expense, all Uniform Commercial Code termination statements and similar documents that such Grantor may reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Article shall be without recourse to or warranty by the Collateral Agent or any other Secured Party.

ARTICLE 11.

ADDITIONAL SUBSIDIARY GUARANTORS AND GRANTORS

Each Grantor hereby covenants and agrees to cause each of its Subsidiaries to execute a Supplement within three (3) calendar days of such Subsidiary becoming a Subsidiary of such Grantor. Upon execution and delivery after the date hereof by the Collateral Agent and a Subsidiary of a Supplement, such Subsidiary shall become a Subsidiary Guarantor and Grantor, as applicable, hereunder with the same force and effect as of the date of such execution as if originally named as a Subsidiary Guarantor and a Grantor, as applicable, herein (each an "Additional Subsidiary Guarantor and Grantor"). The execution and delivery of any Supplement shall not require the consent of any other Grantor hereunder. The rights and obligations of each Grantor hereunder and each Grantor and other party (other than an Investor) under the Secured Transaction Documents shall remain in full force and effect notwithstanding the addition of any Additional Subsidiary Guarantor and Grantor as a party to this Guarantee and Security Agreement.

ARTICLE 12.

COLLATERAL AGENT

Each Investor hereby irrevocably appoints the Collateral Agent as its agent and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The Person serving as the Collateral Agent hereunder shall have the same rights and powers in its capacity as an Investor as any other investor and may exercise the same as though it were not the Collateral Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Collateral Agent hereunder.

The Collateral Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Collateral Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (ii) the Collateral Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by this Agreement, and (iii) except as expressly set forth herein, the Collateral Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of the Subsidiaries that is communicated to or obtained by the Person serving as Collateral Agent or any of its Affiliates in any capacity. The Collateral Agent shall not be liable for any action taken or not taken by it in the absence of its own gross negligence or willful misconduct. The Collateral Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Collateral Agent by the Company or an Investor (and, promptly after its receipt of any such notice, it shall give each Investor and the Company notice thereof), and the Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (a) any statement, warranty or representation made in or in connection with any Secured Transaction Document, (b) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (c) the performance or observance of any of the covenants, agreements or other terms or conditions set forth therein, (d) the validity, enforceability, effectiveness or genuineness thereof or any other agreement, instrument or other document or (e) the satisfaction of any condition set forth in herein, other than to confirm receipt of items expressly required to be delivered to the Collateral Agent.

The Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing reasonably believed by it to be genuine and to have been signed or sent by the proper Person. The Collateral Agent also may rely upon any statement made to it orally or by telephone and reasonably believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Collateral Agent may consult with legal counsel (who may be counsel for the Grantors), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Collateral Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub agents appointed by the Collateral Agent, provided that no such delegation shall serve as a release of the Collateral Agent or waiver by the Company of any rights hereunder. The Collateral Agent and any such sub agent may perform any and all its duties and exercise its rights and powers through their respective affiliates. The exculpatory provisions of the preceding paragraphs shall apply to any such sub agent and to the affiliates of the Collateral Agent and any such sub agent, and shall apply to their respective activities acting for the Collateral Agent.

Subject to the appointment and acceptance of a successor Collateral Agent as provided in this paragraph, the Collateral Agent may resign at any time by notifying the Investors and the Company. Upon any such resignation, the Investor holding a majority of the principal amount of the Senior Secured Notes shall have the right to appoint a successor. If no successor shall have been so appointed by the Investor and shall have accepted such appointment within 30 days after the retiring Collateral Agent gives notice of its resignation, then the retiring Collateral Agent may, on behalf of the Investor holding a majority of the principal amount of the Senior Secured Notes, appoint a successor Collateral Agent which shall be a bank with an office in New York, New York, or an affiliate of any such bank. Upon the acceptance of its appointment as Collateral Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations hereunder. After the Collateral Agent's resignation hereunder, the provisions of this Article shall continue in effect for the benefit of such retiring Collateral Agent, its sub agents and their respective affiliates in respect of any actions taken or omitted to be taken by any of them while it was acting as Collateral Agent.

Each Investor acknowledges that it has, independently and without reliance upon the Collateral Agent or any other Investors and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into the Secured Transaction Documents. Each Investor also acknowledges that it will, independently and without reliance upon the Collateral Agent or any other Investors and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon any Secured Transaction Document, any related agreement or any document furnished thereunder.

ARTICLE 13.

NOTICES

All notices, requests, demands and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party at its address or facsimile number set forth below or such other address or facsimile number as such party may hereafter specify by notice to the other parties listed below:

(a) If to the Company:

Twistbox Entertainment, Inc.
14242 Ventura Blvd., Third Floor
Sherman Oaks, CA 91423
Telephone: (818) 301-6200
Facsimile: (818) 708-0598
Attention: Chief Executive Officer
Attention: General Counsel

with a copy to:

Manatt, Phelps & Phillips, LLP
11355 West Olympic Boulevard
Los Angeles, CA 90064
Telephone: (310) 312-4168
Facsimile: (310) 914-5789
Attention: Richard J. Maire, Jr., Esq.

(b) If to Parent or a Subsidiary Guarantor: At its address for notices set forth on Schedule I.

(c) If to the Collateral Agent:

ValueAct SmallCap Master Fund, L.P.
435 Pacific Avenue, 4th Floor
San Francisco, CA 94133
Telephone: (415) 249-1237
Facsimile: (415) 249-1242
Attention: Jimmy Price

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Telephone: (212) 373-3425
Facsimile: (212) 492-0425
Attention: Valerie Radwaner, Esq.

Each such notice, request or other communication shall be effective (i) upon receipt (provided, however, that notices received on a Saturday, Sunday or legal holiday or after 6:30 p.m. (New York City time) on any other day will be deemed to have been received on the next Business Day), if given by facsimile transmission, (ii) the Business Day following the date of delivery with a nationally recognized overnight courier service or (iii) if given by any other means, when delivered at the address specified in this Article 13.

ARTICLE 14.

BINDING EFFECT; SEVERAL AGREEMENT; ASSIGNMENTS

Whenever in this Guarantee and Security Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party, and all covenants, promises and agreements by or on behalf of any Grantor that are contained in this Guarantee and Security Agreement shall bind and inure to the benefit of each party hereto and its successors and permitted assigns. This Guarantee and Security Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Grantor and the Collateral Agent and their respective successors and permitted assigns, and shall inure to the benefit of such Grantor, the Collateral Agent and the other Secured Parties, and their respective successors and permitted assigns, except that no Grantor shall have the right to assign its rights or obligations hereunder or any interest herein or in any of the Collateral (and any such attempted assignment shall be void), except as expressly contemplated by this Guarantee and Security Agreement or the other Secured Transaction Documents. This Guarantee and Security Agreement shall be construed as a separate agreement with respect to each of the Grantors and may be amended, supplemented, waived or otherwise modified or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

ARTICLE 15.

SURVIVAL OF AGREEMENT; SEVERABILITY

All covenants, agreements, representations and warranties made by the Grantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Guarantee and Security Agreement or any other Secured Transaction Document shall be considered to have been relied upon by the Collateral Agent and the other Secured Parties and shall survive the execution and delivery of any Secured Transaction Document and the making of any Loan, regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect until this Guarantee and Security Agreement shall terminate. In the event any one or more of the provisions contained in this Guarantee and Security Agreement or in any other Secured Transaction Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

ARTICLE 16.

GOVERNING LAW

THIS GUARANTEE AND SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE LAWS OF THE FEDERAL REPUBLIC OF GERMANY SHALL APPLY ONLY TO THE EXTENT SUCH APPLICATION IS MANDATORY PURSUANT TO THE PRINCIPLES OF INTERNATIONAL PRIVATE LAW (CONFLICT OF LAWS).

ARTICLE 17.

COUNTERPARTS

This Guarantee and Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract (subject to Article 14), and shall become effective as provided in Article 14. Delivery of an executed counterpart of this Guarantee and Security Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Guarantee and Security Agreement.

ARTICLE 18.

HEADINGS

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Guarantee and Security Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Guarantee and Security Agreement.

ARTICLE 19.

JURISDICTION; VENUE; CONSENT TO SERVICE OF PROCESS

EACH OF THE GRANTORS HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES' DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER COLLATERAL DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE SECURED PARTIES MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST THE COMPANY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

EACH OF THE GRANTORS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTEE AND SECURITY AGREEMENT OR ANY OTHER SECURED TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN THE PRECEDING PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN ARTICLE 13. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

ARTICLE 20.

WAIVER OF JURY TRIAL

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

[Signature Pages Follow]

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

TWISTBOX
ENTERTAINMENT, INC.

By: _____
Name:
Title:

NEUMEDIA, INC. formerly
known as
Mandalay Media, Inc.

By: _____
Name:
Title:

FOREIGN SUBSIDIARIES

TWISTBOX
ENTERTAINMENT LTD.
(RUSSIA)

By: _____
Name:
Title:

TWISTBOX
ENTERTAINMENT LIMITED
(UK)

By: _____
Name:
Title:

TWISTBOX ENTERTAINMENT LTDA
(BRAZIL)

By: _____
Name:
Title:

WAAT MEDIA CHILE SA

By: _____
Name:
Title:

TWISTBOX ENTERTAINMENT OF
ARGENTINA

By: _____
Name:
Title:

WAAT MEDIA COLUMBIA

By: _____
Name:
Title:

DOMESTIC SUBSIDIARIES

WAAT MEDIA CORP.

By: _____
Name:
Title:

VALUEACT SMALLCAP MASTER
FUND, L.P., as Collateral Agent

By Its General Partner, VA SmallCap
Partners,

By: _____
Name:
Title:

VALUEACT SMALLCAP MASTER
FUND, L.P., as Investor

By Its General Partner, VA SmallCap
Partners,

By: _____
Name:
Title:

EXHIBIT A

FORM OF COPYRIGHT SECURITY AGREEMENT

This Copyright Security Agreement (this "Copyright Security Agreement"), dated as of _____, is made by _____, a _____, located at _____ (the "Grantor"), in favor of ValueAct SmallCap Master Fund, L.P., a British Virgin Islands limited partnership, located at 435 Pacific Avenue, San Francisco, CA 94133, in its capacity as collateral agent for the benefit of the Secured Parties pursuant to the Guarantee and Security Agreement (defined below) (in such capacity, the "Collateral Agent").

WITNESSETH :

WHEREAS, reference is made to the Securities Purchase Agreement, dated as of July 30, 2007, among the Grantor, the Subsidiary Guarantors, and the Investor (as amended, supplemented or otherwise modified from time to time, the "Securities Purchase Agreement");

WHEREAS, the Investor has agreed to purchase the Senior Secured Notes from the Grantor pursuant to, and upon the terms and subject to the conditions specified in, the Securities Purchase Agreement;

WHEREAS, as a condition to the obligation of the Investor to purchase the Senior Secured Notes under the Security Purchase Agreement, Grantor, the Subsidiary Guarantors, Investor and the Collateral Agent have entered into a Guarantee and Security Agreement dated July 30, 2007 (as amended and restated on _____, 2010 pursuant to that certain Amended and Restated Security Agreement among the Grantor, the Subsidiary Guarantors, Investor and the Collateral Agent, the "Security Agreement") pursuant to which the Grantor is required to execute and deliver this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and as a condition to the obligation of the Investor to purchase the Senior Secured Notes, the Grantor and the Collateral Agent hereby agree as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Copyright Collateral. Subject to the terms and conditions of the Security Agreement, as security for the payment or performance, as applicable, in full of the Obligations, the Grantor hereby pledges and grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a lien on and security interest in and to all of its right, title and interest in, to and under all the following property of the Grantor, wherever located, whether now existing or hereafter arising or acquired from time to time (all of which being hereinafter collectively referred to as, the "Copyright Collateral"):

(a) (i) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (ii) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office or any similar offices in the United States or any other country, including those copyright rights described on Schedule 1 attached hereto; and

(b) all Proceeds, products, substitutions, accessions, rents and profits of or in respect of any of the foregoing.

SECTION 3. Security Agreement. The security interest granted pursuant to this Copyright Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement, and the Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Copyright Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Termination. Upon the full payment and performance of the Obligations and termination of the Security Agreement, upon written request of the Grantor, the Collateral Agent shall execute, acknowledge, and deliver to the Grantor an instrument in writing in recordable form releasing the collateral pledge, grant, assignment, lien on and security interest in the Copyright Collateral under this Copyright Security Agreement.

SECTION 5. Governing Law. THIS COPYRIGHT SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Counterparts. This Copyright Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract. Delivery of an executed counterpart of this Copyright Security Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Copyright Security Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Grantor has caused this Copyright Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[_____]
as Grantor

By: _____
Name:
Title

[Signature Page to Copyright Security Agreement]

SCHEDULE 1

to

COPYRIGHT SECURITY AGREEMENT

COPYRIGHT REGISTRATIONS AND APPLICATIONS

Jurisdiction	Title	Registration No.	Registration Date	Status

EXHIBIT B

FORM OF PATENT SECURITY AGREEMENT

This Patent Security Agreement (this "Patent Security Agreement"), dated as of _____, is made by _____, a _____, located at _____ (the "Grantor"), in favor of ValueAct SmallCap Master Fund, L.P., a British Virgin Islands limited partnership, located at 435 Pacific Avenue, San Francisco, CA 94133, in its capacity as collateral agent for the benefit of the Secured Parties pursuant to the Guarantee and Security Agreement (defined below) (in such capacity, the "Collateral Agent").

WITNESSETH :

WHEREAS, reference is made to the Securities Purchase Agreement, dated as of July 30, 2007, among the Grantor, the Subsidiary Guarantors, and the Investor (as amended, supplemented or otherwise modified from time to time, the "Securities Purchase Agreement");

WHEREAS, the Investor has agreed to purchase the Senior Secured Notes from the Grantor pursuant to, and upon the terms and subject to the conditions specified in, the Securities Purchase Agreement;

WHEREAS, as a condition to the obligation of the Investor to purchase the Senior Secured Notes under the Security Purchase Agreement, Grantor, the Subsidiary Guarantors, Investor and the Collateral Agent have entered into a Guarantee and Security Agreement dated July 30, 2007 (as amended and restated on _____, 2010 pursuant to that certain Amended and Restated Security Agreement among the Grantor, the Subsidiary Guarantors, Investor and the Collateral Agent, the "Security Agreement") pursuant to which the Grantor is required to execute and deliver this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and as a condition to the obligation of the Investor to purchase the Senior Secured Notes, the Grantor and the Collateral Agent hereby agree as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Patent Collateral. Subject to the terms and conditions of the Security Agreement, as security for the payment or performance, as applicable, in full of the Obligations, the Grantor hereby pledges and grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a lien on and security interest in and to all of its right, title and interest in, to and under all the following property of the Grantor, wherever located, whether now existing or hereafter arising or acquired from time to time (all of which being hereinafter collectively referred to as, the "Patent Collateral"):

(a) (i) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in the United States or any other country, including those described on Schedule 1 attached hereto, and (ii) all reissues, continuations, divisions, continuations in part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein; and

(b) all Proceeds, products, substitutions, accessions, rents and profits of or in respect of any of the foregoing.

SECTION 3. Security Agreement. The security interest granted pursuant to this Patent Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement, and the Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Patent Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Termination. Upon the full payment and performance of the Obligations and termination of the Security Agreement, upon written request of the Grantor, the Collateral Agent shall execute, acknowledge, and deliver to the Grantor an instrument in writing in recordable form releasing the collateral pledge, grant, assignment, lien on and security interest in the Patent Collateral under this Patent Security Agreement.

SECTION 5. Governing Law. THIS PATENT SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Counterparts. This Patent Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract. Delivery of an executed counterpart of this Patent Security Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Patent Security Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Grantor has caused this Patent Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[_____]
as Grantor

By: _____
Name:
Title

[Signature Page to Patent Security Agreement]

SCHEDULE 1

to

PATENT SECURITY AGREEMENT

ISSUED PATENT AND PATENT APPLICATIONS

Jurisdiction	Title	(Application) / Registration No.	(Filing) / Registration Date	Status

EXHIBIT C

FORM OF TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (this "Trademark Security Agreement"), dated as of _____, is made by _____, a _____, located at _____ (the "Grantor"), in favor of ValueAct SmallCap Master Fund, L.P., a British Virgin Islands limited partnership, located at 435 Pacific Avenue, San Francisco, CA 94133, in its capacity as collateral agent for the benefit of the Secured Parties pursuant to the Guarantee and Security Agreement (defined below) (in such capacity, the "Collateral Agent").

WITNESSETH :

WHEREAS, reference is made to the Securities Purchase Agreement, dated as of July 30, 2007, among the Grantor, the Subsidiary Guarantors, and the Investor (as amended, supplemented or otherwise modified from time to time, the "Securities Purchase Agreement");

WHEREAS, the Investor has agreed to purchase the Senior Secured Notes from the Grantor pursuant to, and upon the terms and subject to the conditions specified in, the Securities Purchase Agreement;

WHEREAS, as a condition to the obligation of the Investor to purchase the Senior Secured Notes under the Security Purchase Agreement, Grantor, the Subsidiary Guarantors, Investor and the Collateral Agent have entered into a Guarantee and Security Agreement dated July 30, 2007 (as amended and restated on _____, 2010 pursuant to that certain Amended and Restated Security Agreement among the Grantor, the Subsidiary Guarantors, Investor and the Collateral Agent, the "Security Agreement") pursuant to which the Grantor is required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and as a condition to the obligation of the Investor to purchase the Senior Secured Notes, the Grantor and the Collateral Agent hereby agree as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Trademark Collateral. Subject to the terms and conditions of the Security Agreement, as security for the payment or performance, as applicable, in full of the Obligations, the Grantor hereby pledges and grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a lien on and security interest in and to all of its right, title and interest in, to and under all the following property of the Grantor, wherever located, whether now existing or hereafter arising or acquired from time to time (all of which being hereinafter collectively referred to as, the "Trademark Collateral"):

(a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in the United States or any other country, and all extensions or renewals thereof, including those trademark registrations and applications described on Schedule 1 attached hereto, (ii) all goodwill associated therewith or symbolized by any of the foregoing and (iii) all other assets, rights and interests that uniquely reflect or embody such goodwill; and

(b) all Proceeds, products, substitutions, accessions, rents and profits of or in respect of any of the foregoing;

provided, however, that the grant of security interest hereunder shall not include any intent-to-use United States trademark applications for which an amendment to allege use or statement of use has not been filed under 15 U.S.C. § 1051(c) or 15 U.S.C. § 1051(d), respectively, or if filed, has not been deemed in conformance with 15 U.S.C. § 1051(a) or examined and accepted, respectively, by the United States Patent and Trademark Office provided that upon such filing and acceptance, such intent-to-use applications shall be included in the definition of Trademark Collateral.

SECTION 3. Security Agreement. The security interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement, and the Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Trademark Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Termination. Upon the full payment and performance of the Obligations and termination of the Security Agreement, upon written request of the Grantor, the Collateral Agent shall execute, acknowledge, and deliver to the Grantor an instrument in writing in recordable form releasing the collateral pledge, grant, assignment, lien on and security interest in the Trademark Collateral under this Trademark Security Agreement.

SECTION 5. Governing Law. THIS TRADEMARK SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Counterparts. This Trademark Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract. Delivery of an executed counterpart of this Trademark Security Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Trademark Security Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[_____]
as Grantor

By: _____
Name:
Title

[Signature Page to Trademark Security Agreement]

SCHEDULE 1

to

TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS AND APPLICATIONS

Jurisdiction	Trademark	Registration No. (App. No.)	Registration Date (App. Date)	Record Owner	Status

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

ALL INDEBTEDNESS EVIDENCED BY THIS NOTE IS SUBJECT TO THE TERMS OF, THE SUBORDINATION AGREEMENT, DATED AS OF JUNE 21, 2010, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, BY AND AMONG TRINAD CAPITAL MASTER FUND, LTD., AS AGENT, VALUEACT SMALLCAP MASTER FUND, L.P., AS SUBORDINATED CREDITOR, AND EACH OF THE COMPANY AND TWISTBOX ENTERTAINMENT, INC., AS OBLIGOR AND ALL OTHER PARTIES THERETO.

$_____

NEUMEDIA, INC.

SENIOR SECURED CONVERTIBLE NOTE DUE JUNE 21, 2013

Section 1. General.

FOR VALUE RECEIVED, NEUMEDIA, INC., a Delaware corporation (the "**Company**"), hereby promises to pay to the order of _____ ("**Investor**") the principal sum of _____ ($_____), or such lesser amount as shall then equal the outstanding principal amount hereof, together with interest ("**Interest**") thereon at a rate (the "**Interest Rate**") equal to 10.0% per annum from, and including, June 21, 2010 to, but excluding, June 21, 2013, each computed on the basis of a year of 360 days comprised of twelve 30 day months. All unpaid principal, together with any then unpaid and accrued interest and other amounts payable hereunder, shall be due and payable on the earlier of (i) June 21, 2013 (the "**Maturity Date**") or (ii) when such amounts become due and payable as a result of, and following, an Event of Default in accordance with Section 3.

This Note (the "**Note**") shall be prepayable without penalty, in whole or in part, at any time at the Company's option at 100% of the principal amount plus accrued but unpaid interest to and including the date of prepayment. The Company shall provide written notice to the Investor at least ten (10) days before any prepayment of this Note. Any prepayments will be applied first to any accrued but unpaid interest and then to unpaid principal.

Unless the context otherwise requires, an accounting term not otherwise defined has the meaning assigned to it in accordance with the United States generally accepted accounting principles ("**GAAP**").

Interest on this Note shall accrue from, and including, the date hereof through and until repayment of the principal amount of this Note and payment of all Interest in full, and shall be payable in cash semi-annually in arrears on each January 1 and July 1 that the Notes are outstanding or, if any such date shall not be a Business Day, on the next succeeding Business Day to occur after such date (each date upon which interest shall be so payable, an "**Interest Payment Date**"), to holders of record on each preceding December 15 and June 15 to the applicable Interest Payment Date, beginning on July 1, 2010, by wire transfer of immediately available funds to an account at a bank designated in writing by the Investor on reasonable notice.

Notwithstanding the foregoing provisions of this Section 1, any overdue principal of, overdue Interest on, and any other overdue amounts payable under, this Note shall bear interest, payable on demand in immediately available funds, for each day from the date payment thereof was due to the date of actual payment at a rate equal to the sum of (i) the Interest Rate and (ii) an additional two percent (2.00%) per annum. Subject to applicable law, any interest that shall accrue on overdue interest on this Note as provided in the preceding sentence and shall not have been paid in full in cash on or before the next Interest Payment Date to occur after the date on which the overdue interest became due and payable shall itself be deemed to be overdue interest on this Note to which the preceding sentence shall apply. In addition, notwithstanding the foregoing provisions of this Section 1, if an Event of Default has occurred and is continuing, then, so long as such Event of Default is continuing, all outstanding principal of this Note shall bear interest, after as well as before judgment, at a rate equal to the sum of (i) the Interest Rate and (ii) an additional two percent (2.00%) per annum.

Notwithstanding anything to the contrary set forth herein, until (and including) the Interest Payment Date occurring on January 1, 2012, the Company may, at its option, in lieu of making any cash payment to the Investor with respect to the Interest Payment Dates occurring on or before January 1, 2012, elect that the amount of any Interest due and payable on such date be added to the principal amount then due under this Note. This election by the Company to pay the Interest by adding the amount of such payment to the principal under this Note is hereafter referred to as the "**PIK Election**." The Company shall provide written notice of the PIK Election to the Investor at least five (5) days before the applicable Interest Payment Date. For the avoidance of doubt, immediately after each PIK Election, the outstanding principal amount of this Note shall equal the sum of (i) the outstanding principal amount of this Note immediately before the PIK Election, and (ii) the amount of Interest otherwise due and payable on the applicable Interest Payment Date.

Section 2. Repurchase Right Upon a Fundamental Change.

Notwithstanding anything to the contrary contained herein and in addition to any other right of the Investor, upon the occurrence of a Fundamental Change the Investor shall have the right for a period of thirty days, by written notice to the Company, to require the Company to repurchase all of this Note on the repurchase date that is five Business Days after the date of delivery of such notice to the Company at a price equal to 100% of the outstanding principal amount under this Note plus all accrued and unpaid interest on such principal amount to, but excluding, the date of such repurchase plus any other amounts due hereunder. A "**Fundamental Change**" shall be deemed to have occurred upon the occurrence of any of the following events: (a) a consolidation or merger of the Company with or into any other corporation or corporations, (b) a sale of all or substantially all of the assets of the Company, (c) the issuance and/or sale by the Company in a single or integrated transaction of shares of common stock (or securities convertible into shares of common stock) constituting a majority of the shares of common stock outstanding immediately following such issuance (treating all securities convertible into shares of common stock as having been fully converted and all options and other rights to acquire shares of common stock or securities convertible into shares of common stock as having been fully exercised), (d) any other form of acquisition or business combination where the Company is the target of such acquisition and where a change in control occurs such that the Person or entity seeking to acquire the Company has the power to elect a majority of the board of directors of the Company as a result of the transaction (each such event an "**Acquisition**"), and (e) any liquidation, dissolution or winding up of the Company, provided, however, that (A) any conversion of this Note into equity of the Company, (B) the exercise of any rights under a Warrant Agreement between the Company and each of the purchasers of this Note and the issuance of shares of capital stock of the Company in respect of such exercise or (C) the issuance of any capital stock or options, rights or warrants to purchase capital stock of the Company to Rob Ellin, Trinad, Peter Guber, Paul Schaeffer or any of their respective affiliates, shall not constitute a change of control. A "**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

Section 3. Events of Defaults.

The occurrence of any of the following shall constitute an "**Event of Default**" under this Note:

(a) The Company shall fail to pay any principal owing under this Note when due; or

(b) The Company shall fail to pay any interest owing under this Note when due, and such failure shall continue for fourteen (14) days; or

(c) The Company, Twistbox Entertainment, Inc., a Delaware corporation (a wholly owned subsidiary of the Company and defined herein as the "**Guarantor**") or any Subsidiary shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Note (other than those specified in clauses (a) or (b) above), the Guarantee and Security Agreement, dated the date hereof, among the Company, the Guarantor, the Subsidiaries party thereto, Investor and Trinad Capital Management, LLC (as the same may be amended, supplemented or otherwise modified from time to time, and together with all other documents, agreements and instruments executed in connection therewith, the "**Guarantee and Security Agreement**"), and, to the extent such failure is capable of being cured, such failure shall continue for fourteen (14) days after notice is given to the Company by the Investors holding more than 25% of the aggregate principal balance of the Notes then outstanding; or

(d) The Guarantor, the Company or any Subsidiary shall (i) fail to make any payment when due under the terms of any bond, debenture, note or other evidence of Indebtedness (as defined below) to be paid by the Guarantor, the Company or such Subsidiary (excluding this Note, which default is addressed by clauses (a) and (b) above, but including any other evidence of Indebtedness of the Guarantor, the Company or such Subsidiary) and such failure shall continue beyond any period of grace provided with respect thereto, or (ii) default in the observance or performance of any other agreement, term or condition contained in any such bond, debenture, note or other evidence of Indebtedness, and the effect of such failure or default is to cause, or permit the holder thereof to cause, Indebtedness of the Guarantor, the Company and the Subsidiaries in an aggregate amount of One Million Dollars ($1,000,000) or more to become due prior to its stated date of maturity; or

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Guarantor, the Company or any Subsidiary or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Guarantor, the Company or any Subsidiary or for a substantial part of the Guarantor's, the Company's or such Subsidiary's assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(f) The Guarantor, the Company or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (e) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Guarantor, the Company or any Subsidiary or for a substantial part of the Guarantor's, the Company's or such Subsidiary's assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; or

(g) One or more judgments for the payment of money in an amount in excess of Five Million Dollars ($5,000,000) in the aggregate, outstanding at any one time, shall be rendered against the Guarantor, the Company and the Subsidiaries and the same shall remain undischarged for a period of sixty (60) days during which execution shall not be effectively stayed, or any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the property of the Guarantor, the Company or any Subsidiary and such judgment, writ, or similar process shall not be released, stayed, vacated or otherwise dismissed within sixty (60) days after issue or levy; or

(h) Any Note or the Guarantee and Security Agreement shall be asserted in writing by the Guarantor, the Company or any Subsidiary not to be in full force and effect, or the Guarantor, the Company or any Subsidiary shall disavow any of its obligations thereunder; or

(i) Any Lien purported to be created under the Guarantee and Security Agreement shall be asserted by the Company or any Subsidiary not to be, a valid and perfected Lien on any Collateral, with the priority required by the Guarantee and Security Agreement; or

(j) The Company shall have failed to make filings within sixty (60) days of the date hereof with the United States Patent and Trademark Office in respect of the security interests granted in the Company's Trademarks (as defined in the Guarantee and Security Agreement) to the Investor under the Guarantee and Security Agreement; or

(k) Any Event of Default under and as defined in the Guarantee and Security Agreement shall have occurred.

(l) Guarantor is in default under the VAC Note (as defined below).

Section 4. Rights Of Investor Upon Default.

Upon the occurrence or existence of any Event of Default (other than an Event of Default referred to in Sections 3(e) or 3(f) hereof) and at any time thereafter during the continuance of such Event of Default, the Investor may, upon the approval of Investor holding more than 25% of the aggregate principal balance of the Notes then outstanding, by written notice to the Company, declare all outstanding amounts payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding. Upon the occurrence or existence of any Event of Default described in Sections 3(e) or 3(f) hereof, immediately and without notice, all outstanding amounts payable by the Company hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding. In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, the Investor may exercise, upon the approval of Investor holding more than a majority of the aggregate principal balance of the Notes, any other right, power or remedy permitted to it by law, either by suit in equity or by action at law, or both.

Section 5. Conversion Rights. This Note is convertible into capital stock of the Company (the "**Conversion Shares**") in accordance with the conversion rights specified in Schedule 1 attached hereto and incorporated herein by this reference.

Section 6. [Reserved].

Section 7. Negative Covenants. Until all principal and interest and any other amounts due and payable under this Note have been paid in full in cash, the Company shall not, and shall not permit any Subsidiary to, without the prior written approval of the Investor holding a majority in principal amount of the Notes:

(a) *Indebtedness*. Incur, create, assume or permit to exist any Indebtedness, except

(i) Indebtedness under that certain Amended and Restated Senior Subordinated Secured Note, dated of even date herewith (the "**VAC Note**"), made by Guarantor in favor of ValueAct SmallCap Master Fund, L.P. ("**VAC**");

(ii) guarantees of the VAC Note under (x) that certain Amended and Restated Guaranty Agreement, dated of even date herewith, made by the Company in favor of VAC, (y) that certain Amended and Restated Guarantee and Security Agreement, among the Company, Guarantor, the Subsidiaries party thereto, the investors party thereto and VAC, and (z) the guarantee given by AMV Holding Limited and the debenture securing such guarantee dated August 23, 2008;

(iii) Indebtedness under this Note and the Guarantee and Security Agreement; and

(iv) unsecured Indebtedness, provided the Indebtedness is expressly subordinate in right of payment to this Note on terms acceptable to Investor.

"**Indebtedness**" means (i) all indebtedness, whether or not contingent, for borrowed money or for the deferred purchase price of property or services (but excluding trade accounts payable in the ordinary course of business not overdue for more than sixty (60) days), (ii) any other indebtedness that is evidenced by a note, bond, debenture or similar instrument, (iii) all obligations under financing leases or letters of credit, (iv) all obligations in respect of acceptances issued or created, (v) all liabilities secured by any lien on any property, and (vi) all guarantee obligations, in each case including the principal amount thereof, any accrued interest thereon and any prepayment premiums or fees or termination fees with respect thereto.

(b) *Affiliate Transaction*. Excluding (x) the transactions with Affiliates as of the date hereof and as set forth on Exhibit A hereto (each, an "**Existing Affiliate Transaction**") and (y) transactions between or among the Company, the Guarantor and its Subsidiaries, enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate (each, an "**Affiliate Transaction**"), unless

(i) the Affiliate Transaction is in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would obtain in a comparable arm's length transaction with a Person not an Affiliate; and

(A) if the Affiliate Transaction or series of related Affiliate Transactions involves aggregate consideration less than or equal to $2,000,000, the Company shall deliver to the Investor a resolution of the Board of Directors of the Company set forth in an officers' certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company; and

(B) if the Affiliate Transaction or series of related Affiliate Transactions involves aggregate consideration greater than $2,000,000, the Company shall either deliver to the Investor an opinion as to the fairness to the Company of such Affiliate Transaction from financial point of view issued by an accounting, appraisal or investment banking firm of national standing or shall receive the Investor's affirmative written consent.

For the avoidance of doubt, this covenant shall not prohibit or restrict any distribution of any cash among or between the Company, the Guarantor or any direct or indirect wholly-owned Subsidiaries of the Company or the Guarantor.

(c) *Dividends*. Declare or make, or agree to declare or make, directly or indirectly, any dividends on any Equity Interests (as defined in the Guarantee and Security Agreement) or apply any of its property or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other retirement of, or make any other distribution by reduction of capital or otherwise in respect of, any Equity Interests, except repurchases of equity incentive grants issued to employees, officers, directors and agents of the Company and its Subsidiaries in the ordinary course of business, provided that such repurchases shall not exceed $150,000 in any twelve (12) month period.

(d) *Subsidiaries*. Create, own or acquire any Subsidiary (other than any Subsidiary owned as of the date hereof), except that the Company and its wholly-owned subsidiaries may create or own wholly-owned Subsidiaries, provided that any such Subsidiary created or owned in reliance of this Section7(d) shall execute a joinder to the Guarantee and Security Agreement in form and substance satisfactory to the Investor in its sole discretion.

(e) Management. Pay any compensation (including, without limitation, base salary, bonus and benefits), management fees or other payments of any kind to Rob Ellin and/or Trinad Capital Management, LLC or any of its affiliates in the aggregate in any twelve (12) month period in excess of $360,000 provided however that the Company may only make cash payments thereon up to $180,000 in any such twelve (12) month period and any amounts not paid in cash shall be deferred until the VAC Note is paid in full; provided further that all or part of the deferred portion may be paid in kind by issuance of Company common stock on such terms as may be approved by the disinterested directors of the Company's Board of Directors (which shall, for such purposes, not include Rob Ellin, Peter Guber and Paul Schaeffer).

Section 8. Defenses.

The obligations of the Company under this Note shall not be subject to reduction, limitation, impairment, termination, defense, set-off, counterclaim or recoupment for any reason.

This Note is a senior secured obligation of the Company. The Company's obligations under this Note are (i) guaranteed by the Guarantor and by the subsidiaries of the Guarantor and (ii) secured by a security interest in substantially all of the assets of the Company, the Guarantor and such Subsidiaries, in each case pursuant to the terms and provisions of the Guarantee and Security Agreement. This Note is subject to the terms and provisions of the Guarantee and Security Agreement and the Investor, by its acceptance of this Note, hereby acknowledges and agrees to such terms and provisions.

Section 9. Transfer of Note; Lost or Stolen Note.

(a) The Investor may sell, transfer or otherwise dispose of all or any part of this Note (including without limitation pursuant to a pledge) to any Person or entity. From and after the date of any such sale, transfer or disposition, the transferee hereof shall be deemed to be the holder of a Note in the principal amount acquired by such transferee, and the Company shall, as promptly as practicable, issue and deliver to such transferee a new Note identical in all respects to this Note, in the name of such transferee and, if such transferee acquires less than the entire principal amount of this Note, the Company shall contemporaneously issue to the Investor a new Note identical in all respects to this Note, representing the outstanding balance of this Note. The Company shall be entitled to treat the original Investor as the holder of this entire Note unless and until it receives written notice of the sale, transfer or disposition hereof.

(b) Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Note, and (in the case of loss, theft or destruction) of indemnity or security reasonably satisfactory to the Company, and upon surrender and cancellation of this Note, if mutilated, the Company shall execute and deliver to the Investor a new Note identical in all respects to this Note.

Section 10. Attorneys' and Collection Fees.

Should the indebtedness evidenced by this Note or any part hereof be collected at law or in equity or in bankruptcy, receivership or other court proceedings, the Company agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collection, including reasonable attorneys' fees and expenses, incurred by the Investor or its agent in collecting or enforcing this Note.

Section 11. Indemnification.

(a) The Company shall indemnify the Investor, and any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Investor (each an "**Affiliate**" of the Investor) (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges, disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee by a third party arising out of, in connection with, or as a result of (i) the execution or delivery of this Note, the Guarantee and Security Agreement or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of or the use of the proceeds therefrom, (ii) the breach by the Company or any Subsidiary of any representation, warranty, covenant or agreement contained herein or in the Guarantee and Security Agreement, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by judgment of a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of such Indemnitee.

(b) To the extent permitted by applicable law, the Company shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages arising out of, in connection with, or as a result of, this Note, the Guarantee and Security Agreement or any agreement or instrument contemplated hereby or thereby, or the use of the proceeds thereof, other than claims predicated upon the gross negligence or willful misconduct of such Indemnitee.

Section 12. Waivers.

(a) The Company hereby waives presentment, demand for payment, notice of dishonor, notice of protest and all other notices or demands in connection with the delivery, acceptance, performance or default of this Note. No delay by the Investor in exercising any power or right hereunder shall operate as a waiver of any power or right, nor shall any single or partial exercise of any power or right preclude other or further exercise thereof, or the exercise thereof, or the exercise of any other power or right hereunder or otherwise; and no waiver whatsoever or modification of the terms hereof shall be valid unless set forth in writing by the Investor and then only to the extent set forth therein.

(b) The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Note; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Investor, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Note may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and Investor holding more than 75% of the aggregate principal balance of the Notes.

Section 14. Governing Law; Jurisdiction; Consent to Service of Process; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

(b) THE COMPANY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA SITTING IN LOS ANGELES COUNTY AND OF THE UNITED STATES' DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN CONNECTION WITH THIS NOTE, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURT IN THE STATE OF CALIFORNIA OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT INVESTOR MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST THE COMPANY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) THE COMPANY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR THE GUARANTEE AND SECURITY AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 16. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

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

Section 15. Successors and Assigns.

The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors (whether by merger or otherwise) and permitted assigns of the Company and the Investor. The Company may not assign its rights or obligations under this Note.

Section 16. Notices.

Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be delivered in accordance with the Guarantee and Security Agreement.

Section 17. Entire Agreement.

The Notes, the Guarantee and Security Agreement and the other Secured Transaction Documents (as defined in the Guarantee and Security Agreement) constitute the full and entire understanding and agreement between the parties with regard to the subjects hereto and thereof.

Section 18. Headings.

The headings used in this Note are used for convenience only and are not to be considered in construing or interpreting this Note.

Section 19. Severability.

In case any one or more of the provisions of this Note shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the fullest extent permitted by law.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by its duly authorized officer as of the date indicated below.

Date: _____, 2010

NeuMedia, Inc.

By: _____
Name:
Title:

EXHIBIT A

Existing Affiliate Transactions

Trinad management agreement - $90,000 per quarter through September 2011;

Trinad – rental sublet of Century City office – month to month – presently at $5,000 per month; and

Berkshire holdings - rental of Sherman Oaks office premises - $21,000 per month through July 15, 2010.

SCHEDULE 1

CONVERSION RIGHTS

1. Conversion.

1.1 Common Stock. In lieu of repayment of this Note, Investor shall have the right, at the option of Investor at any time, on one or more occasion, exercisable by written notice ("Investor's Section 1.1 Exercise Notice") from Investor to the Company, to convert all or any part of the accrued and unpaid principal and interest due Investor under this Note (the "Outstanding Note Amount"), as of the date of Investor's Section 1.1 Exercise Notice, into shares of the Company's Common Stock (the "Common Stock") at a conversion price in an amount equal to $0.15 per share of Common Stock.

1.2 No Other Conversion. Except as set forth in Sections 1.1 above, this Note shall not otherwise be convertible into the Common Stock or any other capital stock of the Company.

1.3 No Fractional Shares. The Company shall not be required to issue fractional shares of the Common Stock upon the conversion of this Note. If any fraction of a share of the Common Stock would, except for the provisions of this paragraph, be issuable on the conversion of this Note (or specified portion thereof), the Company shall pay an amount in cash calculated by it to be equal to the then fair market value per share of the Common Stock as reasonably determined by the Board of Directors of the Company, multiplied by such fraction computed to the nearest whole cent.

2. Adjustments Upon Capitalization and Corporate Changes. If at any time prior to the Maturity Date, any of the outstanding shares of the capital stock of the Company are changed into, or exchanged for, a different number or kind of shares or securities of the Company through reorganization, merger, recapitalization or reclassification, or if the number of such outstanding shares is changed through a stock split, stock dividend, stock consolidation or similar capital adjustment, or if the Company makes a distribution in partial liquidation or any other comparable extraordinary distribution with respect to any of its shares of capital stock, an appropriate adjustment shall be made by the Board (and approved by a majority of the disinterested members of the Board), if necessary, in the number, kind or conversion price of shares into which this Note is convertible.

GUARANTEE AND SECURITY AGREEMENT

among

TWISTBOX ENTERTAINMENT, INC.,

NEUMEDIA, INC.,

EACH OF THE SUBSIDIARIES PARTY HERETO,

THE INVESTORS PARTY HERETO,

and

TRINAD CAPITAL MANAGEMENT, LLC, as Collateral Agent

Dated as of June 21, 2010

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SCHEDULES:

THIS GUARANTEE AND SECURITY AGREEMENT IS SUBJECT TO THE TERMS OF, THE SUBORDINATION AGREEMENT, DATED AS OF JUNE 21, 2010, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, BY AND AMONG TRINAD CAPITAL MASTER FUND, LTD., AS AGENT, VALUEACT SMALLCAP MASTER FUND, L.P., AS SUBORDINATED CREDITOR, AND EACH OF THE COMPANY AND TWISTBOX ENTERTAINMENT, INC., AS OBLIGOR AND ALL OTHER PARTIES THERETO.

THIS GUARANTEE AND SECURITY AGREEMENT, dated as of June 21, 2010 (this "Guarantee and Security Agreement"), among Twistbox Entertainment, Inc., a Delaware corporation (the "Company"), NeuMedia, Inc. formerly known as Mandalay Media Inc., a Delaware corporation (the "Parent") each of the subsidiaries of the Parent identified on Schedule I[1] as being a subsidiary guarantor (each such subsidiary, individually a "Subsidiary Guarantor" and, collectively, the "Subsidiary Guarantors"; the Subsidiary Guarantors, the Parent and the Company are referred to collectively herein as the "Grantors"), the investors from time to time party hereto (including their successors and permitted assigns, each an "Investor" and collectively, the "Investors") and Trinad Capital Management, LLC, as collateral agent for the benefit of the Secured Parties (including its successors and permitted assigns and in such capacity, the "Collateral Agent").

The Parent is indebted to the Investors in the principal amount of $2,500,000 pursuant to one or more Senior Secured Convertible Notes due June 21, 2013, dated June 21, 2010 (as amended, supplemented or otherwise modified, the "Senior Secured Note").

The Parent has entered into a letter agreement dated as of June 21**,** 2010, by and among the Collateral Agent, the Parent, Jonathan Cresswell and Nathaniel MacLeitch and certain lead and participating purchasers party thereto, with regard to (i) the partial satisfaction of the Senior Secured Note, and (ii) the satisfaction of that certain Secured Promissory Note issued by the Parent and held by Jonathan Cresswell, Nathaniel MacLeitch and certain other former shareholders of AMV Holding Limited.

The Grantors and the Collateral Agent, on behalf of itself and each other Secured Party (and each of their respective successors or permitted assigns), hereby agree as follows:

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[1] Please provide all updated schedules.

ARTICLE 1.

**DEFINITIONS; GUARANTEE; GRANT OF SECURITY;
CONTINUING PERFECTION AND PRIORITY**

Section 1.1 General Definitions

As used in this Guarantee and Security Agreement, the following terms shall have the meanings specified below:

"Account Debtor" means each Person who is obligated in respect of any Receivable or any Supporting Obligation or Collateral Support related thereto.

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

"Additional Subsidiary Guarantor and Grantor" has the meaning assigned to such term in Article 11.

"Applicable Date" means (i) in the case of any Grantor (other than an Additional Subsidiary Guarantor and Grantor), the date hereof, and (ii) in the case of any Additional Subsidiary Guarantor and Grantor, the date of the Supplement executed and delivered by such Additional Subsidiary Guarantor and Grantor.

"Authorization" means, collectively, any license, approval, permit or other authorization issued by Governmental Authority.

"Bankruptcy Law" means Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

"Cash Collateral Account" means any Deposit Account or Securities Account established by the Collateral Agent in which cash may from time to time be on deposit or held therein pursuant to the Secured Transaction Documents.

"Chattel Paper" means all "chattel paper" as defined in Article 9 of the UCC.

"Claim Proceeds" means, with respect to any Commercial Tort Claim or any Collateral Support or Supporting Obligation relating thereto, all Proceeds thereof, including all insurance proceeds and other amounts and recoveries resulting or arising from the settlement or other resolution thereof, in each case regardless of whether characterized as a "commercial tort claim" under Article 9 of the UCC or "proceeds" under the UCC.

"Collateral" has the meaning assigned to such term in Section 1.4(a).

"Collateral Records" means all books, instruments, certificates, Records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals and other documents, and all computer software, computer printouts, tapes, disks and related data processing software and similar items, in each case that at any time represent, cover or otherwise evidence any of the Collateral.

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

"Commercial Tort Claims" means (i) all "commercial tort claims" as defined in Article 9 of the UCC and (ii) all Claim Proceeds with respect to any of the foregoing; including all claims described on Schedule 3.7.

"Company" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Copyright License" means any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned or held by any Grantor or which any Grantor otherwise has the right to license, or granting any right to any Grantor under any Copyright now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

"Copyrights" means all of the following: (i) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (ii) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office or any similar offices in the United States or any other country, including those described on Schedule 3.6.

"Deposit Accounts" means all "deposit accounts" as defined in Article 9 of the UCC, including all such accounts described on Schedule 3.8.

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

"Equipment" means (i) all "equipment" as defined in Article 9 of the UCC, (ii) all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, fixtures and tools, in each case, regardless of whether characterized as "equipment" under the UCC, and (iii) all accessions or additions to any of the foregoing, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing.

"Equity Interest" means (i) shares of corporate stock, partnership interests, membership interests, and any other interest that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and (ii) all warrants, options or other rights to acquire any Equity Interest set forth in clause (i) of this defined term.

"Event of Default" has the meaning assigned to such term in the Senior Secured Notes.

"Foreign Subsidiary" means any direct subsidiary of any Grantor organized under the laws of any jurisdiction outside the United States of America other than any Subsidiary Guarantor and as designated as such on Schedule I hereto.

"Foreign Subsidiary Voting Stock" means the voting capital stock of any Foreign Subsidiary.

"Financial Assets" means all "financial assets" as defined in Article 8 of the UCC.

"General Intangibles" means (i) all "general intangibles" as defined in Article 9 of the UCC and (ii) all chooses in action and causes of action, all indemnification claims, all goodwill, all tax refunds, all licenses, permits, concessions, franchises and authorizations, all Intellectual Property, all Payment Intangibles and all Software, in each case, regardless of whether characterized as a "general intangible" under the UCC.

"Goods" means (i) all "goods" as defined in Article 9 of the UCC and (ii) all Equipment and Inventory and any computer program embedded in goods and any supporting information provided in connection with such program, to the extent (a) such program is associated with such goods in such a manner that it is customarily considered part of such goods or (b) by becoming the owner of such goods, a Person acquires a right to use the program in connection with such goods, in each case, regardless of whether characterized as a "good" under the UCC.

"Governmental Authority" means any nation or government, any state, province, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign.

"Grantor" and "Grantors" have the meanings assigned to such terms in the preliminary statement of this Guarantee and Security Agreement; provided, that AMV Holding Limited shall not be Grantor for purposes of this Guarantee and Security Agreement.

"Guaranteed Obligations" has the meaning assigned to such term in Section 1.3(a)(i).

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

"Insurance" means all insurance policies covering any or all of the Collateral (regardless of whether the Collateral Agent or any other Secured Party is an additional named insured or the loss payee thereof) and all business interruption insurance policies.

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

"Inventory" means (i) all "inventory" as defined in Article 9 of the UCC and (ii) all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished, all raw materials, work in process, finished goods and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in any Grantor's business, all goods which are returned to or repossessed by or on behalf of any Grantor, and all computer programs embedded in any goods, and all accessions thereto and products thereof, in each case, regardless of whether characterized as "inventory" under the UCC.

"Investor" and "Investors" have the meaning assigned to such term in the preliminary statements of this Guarantee and Security Agreement.

"Investment Property" means, collectively, all "investment property" as defined in Article 9 of the UCC including all Pledged Collateral.

"Letter of Credit Rights" means all "letter-of-credit rights" as defined in Article 9 of the UCC and all rights, title and interests of each Grantor to any letter of credit, in each case regardless of whether characterized as a "letter-of-credit right" under the UCC.

"License" means any Copyright License, Patent License, Trademark License, Trade Secret License or other license or sublicense to which any Grantor is a party.

"Lien" means any lien, mortgage, charge, claim, security interest, encumbrance, or right of first refusal.

"Net Receivables Balance" means all amounts recorded on the Company's balance sheet as Receivables or accrued Receivables net of allowance for doubtful accounts consistent with past practice.

"Obligations" means (i) the due and punctual payment of (a) principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Senior Secured Notes, when and as due, whether at maturity or by acceleration or otherwise, and (b) all other monetary obligations, including fees, commissions, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Grantors to the Secured Parties when and as due, or that are otherwise payable to any Investors, in each case under the Secured Transaction Documents when and as due, (ii) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Grantors or any other party (other than an Investor) under or pursuant to the Secured Transaction Documents, and (iii) with respect to the Subsidiary Guarantor, the Guaranteed Obligations.

"Parent" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Patent License" means any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned or held by or on behalf of any Grantor or which any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

"Patents" means all of the following: (i) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in the United States or any other country, including those described on Schedule 3.6, and (ii) all reissues, continuations, divisions, continuations in part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Payment Intangibles" means all "payment intangibles" as defined in Article 9 of the UCC.

"Permitted Liens" means all of the following: (i) Liens for taxes, assessments or similar charges incurred in the ordinary course of business that are not yet due and payable, (ii) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business, (iii) Liens in favor of the Investors and (iv) Liens by Grantors in favor of ValueAct SmallCap Master Fund, L.P. (together with its permitted successors and assigns) as the holder of the Amended and Restated Senior Subordinated Secured Note issued by the Company, dated June 21, 2010, in the principal amount of $3,500,000; provided that the principal amount of such subordinated Note does not exceed $3,500,000, (v) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent, (vi) purchase money liens or purchase money security interests upon or in any property now or hereafter acquired or held by Grantor in the ordinary course of business to secure indebtedness, (vii) liens and security interests which, as of the date of this Guarantee and Security Agreement, have been disclosed to Collateral Agent, and (viii) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Grantor's assets.

"Person" means any individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, or joint stock company.

"Pledged Collateral" means, collectively, Pledged Debt and Pledged Equity Interests.

"Pledged Debt" means all indebtedness for borrowed money owed or owing to any Grantor, including all indebtedness described on Schedule 3.4, all Instruments other than checks received in the ordinary course of business, Chattel Paper or other documents, if any, representing or evidencing such debt, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such debt.

"Pledged Equity Interests" means all Equity Interests owned or held by or on behalf of any Grantor, including all such Equity Interests described on Schedule 3.4, and all certificates, instruments and other documents, if any, representing or evidencing such Equity Interests and all interests of such Grantor on the books and records of the issuers of such Equity Interests, all of such Grantor's right, title and interest in, to and under any partnership, limited liability company, shareholder or similar agreements to which it is a party, and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Equity Interests; provided, however, that in no event shall more than 65% of the total outstanding Foreign Subsidiary Voting Stock of any Foreign Subsidiary be pledged (or deemed to be pledged) hereunder.

"Proceeds" means (i) all "proceeds" as defined in Article 9 of the UCC, (ii) payments or distributions made with respect to any Investment Property, (iii) any payment received from any insurer or other Person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property that constitutes the Collateral, and (iv) whatever is receivable or received when any of the Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary, including any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (a) past, present or future infringement of any Patent now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Patent License, (b) past, present or future infringement or dilution of any Trademark now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Trademark License, or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned or held by or on behalf of any Grantor, (c) past, present or future infringement of any Copyright now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Copyright License, (d) past, present or future infringement of any Trade Secret now or hereafter owned or held by or on behalf of any Grantor, or licensed under a Trade Secret License, and (e) past, present or future breach of any License, in each case, regardless of whether characterized as "proceeds" under the UCC.

"Receivables" means all rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, including all such rights constituting or evidenced by any Account, Chattel Paper, Instrument or other document, General Intangible or Investment Property, together with all of the applicable Grantor's rights, if any, in any goods or other property giving rise to such right to payment, and all Collateral Support and Supporting Obligations related thereto and all Receivables Records.

"Receivables Records" means (i) all originals of all documents, instruments or other writings or electronic records or other Records evidencing any Receivable, (ii) all books, correspondence, credit or other files, Records, ledger sheets or cards, invoices, and other papers relating to such Receivable, including all tapes, cards, computer tapes, computer discs, computer runs and record keeping systems, whether in the possession or under the control of the applicable Grantor or any computer bureau or agent from time to time acting for such Grantor or otherwise, (iii) all evidences of the filing of financing statements relating to such Receivable and the registration of other instruments in connection therewith, and amendments, supplements or other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgments, or other writings, including lien search reports, from filing or other registration officers and (iv) all credit information, reports and memoranda relating to such Receivable.

"Record" means a "record" as defined in Article 9 of the UCC.

"Related Party" means, with respect to any specified Person, such Person's affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's affiliates.

"Secured Parties" means (i) the Collateral Agent, (ii) the Investors under the Senior Secured Notes, (iii) the beneficiaries of each indemnification obligation undertaken by or on behalf of any Grantor under any Secured Transaction Document, and (iv) the successors and permitted assigns of each of the foregoing.

"Secured Transaction Documents" means the Senior Secured Notes, this Guarantee and Security Agreement and all other instruments, documents, certificates and agreements related thereto.

"Securities Accounts" means all "securities accounts" as defined in Article 8 of the UCC, including all such accounts described on Schedule 3.4.

"Securities Intermediary" has the meaning specified in Article 8 of the UCC.

"Security Interest" has the meaning assigned to such term in Section 1.4(a).

"Senior Secured Note" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Software" means all "software" as defined in Article 9 of the UCC.

"Subordinated Obligations" has the meaning assigned to such term in Section 1.3(e).

"Subsidiary" means any Person in which the Parent, directly or indirectly, owns capital stock or holds an equity or similar interest.

"Subsidiary Guarantee" has the meaning assigned to such term in Section 1.3(a)(i).

"Subsidiary Guarantor" has the meaning assigned to such term in the preliminary statement of this Guarantee and Security Agreement.

"Supplement" means a supplement hereto, in a form reasonably satisfactory to the Collateral Agent.

"Supporting Obligation" means (i) all "supporting obligations" as defined in Article 9 of the UCC and (ii) all Guaranties and other secondary obligations supporting any of the Collateral, in each case regardless of whether characterized as a "supporting obligation" under the UCC.

"Trade Secret Licenses" means any written agreement, now or hereafter in effect, granting to any third party any right to use any Trade Secrets now or hereafter owned or held by or on behalf of any Grantor or which such Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trade Secrets now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

"Trade Secrets" means all trade secrets and all other confidential or proprietary information and know-how now or hereafter owned or used in, or contemplated at any time for use in, the business of any Grantor (all of the foregoing being collectively called a "Trade Secret"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, the right to sue for any past, present and future infringement of any Trade Secret, and all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Trademark License" means any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned or held by any Grantor or which such Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement, including each agreement described on Schedule 3.6.

"Trademarks" means all of the following: (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in the United States or any other country, and all extensions or renewals thereof, including those described on Schedule 3.6, (ii) all goodwill associated therewith or symbolized by any of the foregoing and (iii) all other assets, rights and interests that uniquely reflect or embody such goodwill.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

Section 1.2 Other Definitions; Interpretation

(a) [Reserved]

(b) Rules of Interpretation. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified, (ii) any definition of or reference to any law shall be construed as referring to such law as from time to time amended and any successor thereto and the rules and regulations promulgated from time to time thereunder, (iii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iv) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Guarantee and Security Agreement in its entirety and not to any particular provision hereof, (v) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to and any Supplement thereto, this Guarantee and Security Agreement, and (vi) 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. All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

Section 1.3 Guarantee

(a) Subsidiary Guarantee; Limitation of Liability.

(i) Each Subsidiary Guarantor jointly and severally, hereby absolutely, unconditionally and irrevocably guarantees, as a primary obligor and not merely as surety, to the Collateral Agent for the ratable benefit of the Secured Parties the punctual payment when due (but subject to the expiration of any grace period granted by the Secured Parties in their sole discretion or the giving of any required notice provided for in any secured Transaction Document), whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of the Obligations of the Parent and each other Grantor now or hereafter existing under or in respect of the Secured Transaction Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such Obligations being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including, without limitation, reasonable fees and out-of-pocket expenses of counsel) incurred by the Collateral Agent or any other Investors in enforcing any rights under this Subsidiary Guarantee (the "Subsidiary Guarantee") or any other Secured Transaction Document. Without limiting the generality of the foregoing, each Subsidiary Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Grantor to the Collateral Agent or any Investors under or in respect of the Secured Transaction Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Grantor.

(ii) Each Subsidiary Guarantor, and by its acceptance of this Subsidiary Guarantee, the Collateral Agent and each other Investors, hereby confirms that it is the intention of all such Persons that this Subsidiary Guarantee and the Obligations of each Subsidiary Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Subsidiary Guarantee and the Obligations of each Subsidiary Guarantor hereunder. To effectuate the foregoing intention, the Collateral Agent, each Investor and the Subsidiary Guarantors hereby irrevocably agree that the Guaranteed Obligations of each Subsidiary Guarantor under this Subsidiary Guarantee at any time shall be limited to the maximum amount as will result in the Guaranteed Obligations of such Subsidiary Guarantor under this Subsidiary Guarantee not constituting a fraudulent transfer or conveyance.

(iii) Each Subsidiary Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to the Collateral Agent or any Investors under this Subsidiary Guarantee, such Subsidiary Guarantor will contribute, to the maximum extent permitted by law, such amounts to each other Subsidiary Guarantor so as to maximize the aggregate amount then required to be paid to the Collateral Agent and Investors under or in respect of the Secured Transaction Documents.

(b) Subsidiary Guarantee Absolute. Each Subsidiary Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Secured Transaction Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Collateral Agent or any Investors with respect thereto. The Obligations of each Subsidiary Guarantor under or in respect of this Subsidiary Guarantee are independent of the Guaranteed Obligations or any other Obligations of any other Grantor under or in respect of the Secured Transaction Documents, and a separate action or actions may be brought and prosecuted against each Subsidiary Guarantor to enforce this Subsidiary Guarantee, irrespective of whether any action is brought against the Company or any other Grantor or whether the Company or any other Grantor is joined in any such action or actions. The liability of each Subsidiary Guarantor under this Subsidiary Guarantee shall be irrevocable, absolute and unconditional irrespective of, and each Subsidiary Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(i) any lack of validity or enforceability of any Secured Transaction Document or any agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any other Grantor under or in respect of the Secured Transaction Documents, or any other amendment or waiver of or any consent to departure from any Secured Transaction Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Grantor or any of its Subsidiaries or otherwise;

(iii) any taking, release or amendment or waiver of, or consent to departure from, any other guarantee, for all or any of the Guaranteed Obligations it being understood that any such amendment, waiver or consent shall be applicable to the Guaranteed Obligations of the Subsidiary Guarantors;

(iv) any change, restructuring or termination of the corporate structure or existence of any Grantor or any of its Subsidiaries;

(v) any failure of any Investors to disclose to any Grantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor now or hereafter known to such Investors (each Subsidiary Guarantor waiving any duty on the part of the Investors to disclose such information);

(vi) the failure of any other Person to execute or deliver this Agreement, any Supplement or any other guarantee or agreement or the release or reduction of liability of any Subsidiary Guarantor or other guarantor or surety with respect to the Guaranteed Obligations; or

(vii) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Investors that might otherwise constitute a defense available to, or a discharge of, any Grantor or any other guarantor or surety, in each case other than payment in full of the Guaranteed Obligations (other than contingent indemnification obligations).

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

(c) Waivers and Acknowledgments. Each Subsidiary Guarantor hereby unconditionally and irrevocably waives:

(i) promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Subsidiary Guarantee and any requirement that any Investors protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Grantor or any other Person;

(ii) any right to revoke this Subsidiary Guarantee and acknowledges that this Subsidiary Guarantee is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future;

(iii) (A) any defense arising by reason of any claim or defense based upon an election of remedies by any Investors that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of such Subsidiary Guarantor or other rights of such Subsidiary Guarantor to proceed against any of the other Grantors, any other guarantor or any other Person, and (B) any defense based on any right of set-off or counterclaim against or in respect of the Obligations of such Subsidiary Guarantor hereunder;

(iv) any duty on the part of any Investors to disclose to such Subsidiary Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor or any of its Subsidiaries now or hereafter known by such Investors; and

(v) each Subsidiary Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Secured Transaction Documents and that the waivers set forth in Section 1.3(b) and this Section 1.3(c) are knowingly made in contemplation of such benefits.

(d) Subrogation. Each Subsidiary Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Company or any other Grantor that arise from the existence, payment, performance or enforcement of such Subsidiary Guarantor's obligations under or in respect of this Subsidiary Guarantee or any other Secured Transaction Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Investor against the Company or any other Grantor, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Company or any other Grantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations (other than contingent indemnification rights) shall have been paid in full in cash. If any amount shall be paid to any Subsidiary Guarantor in violation of the immediately preceding sentence at any time prior to the latest of the payment in full in cash of the Guaranteed Obligations (other than contingent indemnification rights), such amount shall be received and held in trust for the benefit of the Investors, shall be segregated from other property and funds of such Subsidiary Guarantor and shall forthwith be paid or delivered to the Collateral Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Secured Transaction Documents, or to be held as collateral for any Guaranteed Obligations. If (i) any Subsidiary Guarantor shall make payment to any Investor of all or any part of the Guaranteed Obligations and (ii) all of the Guaranteed Obligations (other than contingent indemnification rights) shall have been paid in full in cash, the Investors will, at such Subsidiary Guarantor's request and expense, execute and deliver to such Subsidiary Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Subsidiary Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by such Subsidiary Guarantor pursuant to this Subsidiary Guarantee.

(e) Subordination. Each Subsidiary Guarantor hereby subordinates any and all debts, liabilities and other obligations owed to such Subsidiary Guarantor by each other Grantor (the "Subordinated Obligations") to the Guaranteed Obligations to the extent and in the manner hereinafter set forth in this Section 1.3:

(i) Prohibited Payments, Etc. Except during the continuance of an Event of Default, each Subsidiary Guarantor may receive payments from any other Grantor on account of the Subordinated Obligations. Upon the occurrence and during the continuance of any Event of Default, however, no Subsidiary Guarantor may demand, accept or take any action to collect any payment on account of the Subordinated Obligations.

(ii) Prior Payment of Guaranteed Obligations. In any proceeding under any Bankruptcy Law relating to any other Grantor, each Subsidiary Guarantor agrees that the Investors shall be entitled to receive payment in full in cash of all Guaranteed Obligations (including all interest and expenses accruing after the commencement of a proceeding under any Bankruptcy Law, whether or not constituting an allowed claim in such proceeding ("Post-Petition Interest")) (other than contingent indemnification obligations) before such Subsidiary Guarantor receives payment of any Subordinated Obligations.

(iii) Turn-Over. Upon the occurrence and during the continuance of any Event of Default, each Subsidiary Guarantor shall upon written request by the Collateral Agent, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for the Investors and deliver such payments to the Collateral Agent on account of the Guaranteed Obligations (including all Post-Petition Interest), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of such Subsidiary Guarantor under the other provisions of this Subsidiary Guarantee.

(iv) Collateral Agent Authorization. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent is authorized and empowered (but without any obligation to so do), in its reasonable discretion, (A) in the name of each Subsidiary Guarantor, to collect and enforce, and to submit claims in respect of, the Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations (including any and all Post-Petition Interest), and (B) to require each Subsidiary Guarantor (1) to collect and enforce, and to submit claims in respect of, the Subordinated Obligations and (2) to pay any amounts received on such obligations to the Collateral Agent for application to the Guaranteed Obligations (including any and all Post-Petition Interest).

(f) Continuing Subsidiary Guarantee; Assignments. This Subsidiary Guarantee is a continuing guarantee and shall (i) remain in full force and effect until the payment in full in cash of the Guaranteed Obligations, (ii) be binding upon each Subsidiary Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by the Investors and their successors and permitted transferees and assigns.

(g) Mandatory Provisions of Bankruptcy Law. Nothing in this Section 1.3 shall limit any rights a receiver, liquidator, insolvency administrator may have under the German Insolvency Act (Insolvenzordnung).

(h) Subsidiary Guarantors' Obligations Unconditional. The covenants and agreements of each Subsidiary Guarantor set forth in this Guarantee shall be primary obligations of each Subsidiary Guarantor, and such obligations shall be continuing, absolute and unconditional, shall not be subject to any counterclaim, setoff, deduction, diminution, abatement, recoupment, suspension, deferment, reduction or defense (other than full and strict compliance by Subsidiary Guarantor with its obligations hereunder), whether based upon any claim that Parent, or any other Person may have against Investor or any other Person or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not each Subsidiary Guarantor or Parent shall have any knowledge or notice thereof) including, without limitation:

A. any amendment, modification, addition, deletion, supplement or renewal to or of or other change in the Obligations or the Secured Transaction Documents or any related instrument or agreement, or any other instrument or agreement applicable thereto or any of the parties to such agreements, or to any collateral, or any furnishing or acceptance of additional security for, guarantee of or right of offset with respect to, any of the Obligations; or the failure of any security or the failure of Investor to perfect or insure any interest in any collateral;

B. any failure, omission or delay on the part of Parent or Investor to conform or comply with any term of any instrument or agreement referred to in clause (A) above;

C. any waiver, consent, extension, indulgence, compromise, release or other action or inaction under or in respect of any instrument, agreement, guarantee, right of offset or security referred to in clause (A) above or any obligation or liability of Parent or Investor, or any exercise or non-exercise by Investor of any right, remedy, power or privilege under or in respect of any such instrument, agreement, guarantee, right of offset or security or any such obligation or liability;

D. any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding with respect to Parent, Investor or any other Person or any of their respective properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding;

E. any limitation on the liability or obligations of any Person under the Secured Transaction Documents or any other related instrument or agreement, the Obligations, any collateral security for the Obligations or any other guarantee of the Obligations or any discharge, termination, cancellation, frustration, irregularity, invalidity or unenforceability, in whole or in part, of any of the foregoing, or any other agreement, instrument, guarantee or security referred to in clause (A) above or any term of any thereof;

F. any merger or consolidation of Parent into or with any other Person or any sale, lease or transfer of any of the assets of Parent to any other Person;

G. any change in the ownership of any shares of capital stock of Parent or any corporate change in Parent; or

H. any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing and any other circumstance that might otherwise constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or that might otherwise limit recourse against each Subsidiary Guarantor.

The obligations of each Subsidiary Guarantor set forth herein constitute the full recourse obligations of each Subsidiary Guarantor, enforceable against it to the full extent of all its assets and properties.

Each Subsidiary Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by Investor upon this Guarantee or acceptance of this Guarantee, and the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee. Each Subsidiary Guarantor unconditionally waives, to the extent permitted by law: (a) acceptance of this Guarantee and proof of reliance by Investor hereon; (b) notice of any of the matters referred to in the foregoing clauses A through H hereof, or any right to consent or assent to any thereof; (c) all notices that may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights against each Subsidiary Guarantor, including without limitation, any demand, presentment, protest, proof or notice of nonpayment under the Secured Transaction Documents or any related instrument or agreement, and notice of default or any failure on the part of Parent to perform and comply with any covenant, agreement, term or condition of the Secured Transaction Documents or any related instrument or agreement; (d) any right to the enforcement, assertion or exercise against Parent of any right, power, privilege or remedy conferred in the Loan Document or any related instrument or agreement or otherwise; (e) any requirement of diligence on the part of any Person; (f) any requirement of Investor to take any action whatsoever, to exhaust any remedies or to mitigate the damages resulting from a default under the Secured Transaction Documents or any related instrument or agreement; (g) any notice of any sale, transfer or other disposition by any Person of any right under, title to or interest in the Secured Transaction Documents or any related instrument or agreement relating thereto or any collateral for the Obligations; and (h) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge, release or defense of a guarantor or surety, or that might otherwise limit recourse against any Subsidiary Guarantor (including, without limitation, any and all benefits under California Civil Code Sections 2809, 2810, 2819, 2822, 2825, 2845, 2846, 2847, 2848, 2849, 2850, 2899 and 3433).

Without limiting the foregoing, each Subsidiary Guarantor hereby absolutely, unconditionally and irrevocably waives and agrees not to assert or take advantage of any defense based upon an election of remedies by Investor, including an election to proceed by non-judicial rather than judicial foreclosure, which destroys or impairs any right of subrogation of each Subsidiary Guarantor or the right of each Subsidiary Guarantor to proceed against any Person for reimbursement or both.

Each Subsidiary Guarantor agrees that this Guarantee shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Parent is rescinded or must be otherwise restored by Investor, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Each Subsidiary Guarantor further agrees that, without limiting the generality of this Guarantee, if an Event of Default shall have occurred and be continuing and Investor is prevented by applicable law from exercising its remedies under the Secured Transaction Documents, Investor shall be entitled to receive hereunder from each Subsidiary Guarantor, upon demand therefor, the sums which would have otherwise been due from Parent had such remedies been exercised.

Section 1.4 Grant of Security

(a) Grant by Grantors. As security for the payment or performance, as applicable, in full of the Obligations, each Grantor hereby pledges and grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a lien on and security interest (the "Security Interest") in and to all of the right, title and interest of such Grantor in, to and under the following property, wherever located, whether now existing or hereafter arising or acquired from time to time (all of which being hereinafter collectively referred to as the "Collateral"):

(i) all Accounts,

(ii) all Deposit Accounts and Securities Accounts, including all Cash Collateral Accounts,

(iii) all Chattel Paper, Documents and Instruments,

(iv) all Commercial Tort Claims,

(v) all Equipment,

(vi) all General Intangibles,

(vii) all Goods,

(viii) all Insurance,

(ix) all Instruments,

(x) all Intellectual Property,

(xi) all Inventory,

(xii) all Investment Property, including all Pledged Collateral,

(xiii) all Proceeds of Authorizations,

(xiv) all Receivables and Receivables Records,

(xv) all other goods and personal property of such Grantor, whether tangible or intangible, wherever located, including letters of credit,

(xvi) to the extent not otherwise included in clauses (i) through (xv) of this Section, all Collateral Records, Collateral Support and Supporting Obligations in respect of any of the foregoing,

(xvii) to the extent not otherwise included in clauses (i) through (xvi) of this Section, all other property in which a security interest may be granted under the UCC or which may be delivered to and held by the Collateral Agent pursuant to the terms hereof (including the account referred to in Section 3.4(c)(ii) and all funds and other property from time to time therein or credited thereto),

(xviii) all Collateral of Twistbox Games Ltd. & Co. KG as further defined in Schedule 1.4(a) in compliance with mandatory German law, and

(xix) to the extent not otherwise included in clauses (i) through (xvii) of this Section, all Proceeds, products, substitutions, accessions, rents and profits of or in respect of any of the foregoing.

(b) Revisions to UCC. For the avoidance of doubt, it is expressly understood and agreed that, to the extent the UCC is revised after the date hereof such that the definition of any of the foregoing terms included in the description or definition of the Collateral is changed, the parties hereto desire that any property which is included in such changed definitions, but which would not otherwise be included in the Security Interest on the date hereof, nevertheless be included in the Security Interest upon the effective date of such revision. Notwithstanding the immediately preceding sentence, the Security Interest is intended to apply immediately on the date hereof to all of the Collateral to the fullest extent permitted by applicable law, regardless of whether any particular item of the Collateral was then subject to the UCC.

ARTICLE 2.

SECURITY FOR OBLIGATIONS; NO ASSUMPTION OF LIABILITY

Section 2.1 Security for Obligations

This Guarantee and Security Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of Title 11 of the United States Code, or any similar provision of any other bankruptcy, insolvency, receivership or other similar law), of all Obligations with respect to each Grantor.

Section 2.2 No Assumption of Liability

Notwithstanding anything to the contrary herein, the Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 3.1 Generally

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that:

(i) As of the Applicable Date, (A) such Grantor's chief executive office or its principal place of business is, and for the preceding four months has been, located at the office indicated on Schedule 3.1(a)(i), (B) such Grantor's jurisdiction of organization is the jurisdiction indicated on Schedule 3.1(a)(i), and (C) such Grantor's Federal Employer Identification Number and/or company organizational number is as set forth on Schedule 3.1(a)(i).

(ii) As of the Applicable Date, (A) such Grantor's full legal name is as set forth on Schedule 3.1(a)(ii) and (B) such Grantor has not changed its legal name in the preceding five years, except as set forth on Schedule 3.1(a)(ii).

(iii) Such Grantor has not within the five years preceding the Applicable Date become bound (whether as a result of merger or otherwise) as debtor under a security agreement entered into by another Person, which has not theretofore been terminated.

(iv) Such Grantor has good and valid rights in, and title to, the Collateral with respect to which it has purported to grant the Security Interest, except for minor defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such Collateral for its intended purposes, and except for Permitted Liens.

(v) To the best of such Grantor's knowledge, all actions and consents, including all filings, notices, registrations and recordings, necessary or desirable to create, perfect or ensure the first priority (subject only to Liens expressly permitted by the Secured Transaction Documents) of the Security Interest in the Collateral owned or held by it or on its behalf or for the exercise by the Collateral Agent or any other Secured Party of any voting or other rights provided for in this Guarantee and Security Agreement or the exercise of any remedies in respect of any such Collateral have been made or obtained, (A) except for (1) the filing of UCC financing statements naming such Grantor as "debtor" and the Collateral Agent as "secured party", or the making of other appropriate filings, registrations or recordings, containing a description of such Collateral in each applicable governmental, municipal or other office specified on Schedule 3.1(a)(v)(A), (2) the filing, registration or recordation of fully executed security agreements in the form hereof (or in such other form as shall be in all respects satisfactory to the Collateral Agent) and containing a description of all such Collateral consisting of Patents, Trademarks and Copyrights, together with all other necessary documents, in each applicable governmental registry or office, (3) Deposit Accounts, (4) Collateral in which the Security Interest may be perfected only by possession, the delivery of which to the Collateral Agent is not required hereunder; (B) except for any such Collateral as to which the representations and warranties in this Section 3.1(a)(v) would not be true solely by virtue of such Collateral having been used or disposed of in a manner expressly permitted hereunder or under any other Secured Transaction Document; and (C) except to the extent that such Security Interest may not be perfected by filing, registering, recording or taking any other action in the United States. The filing, in a timely manner, of this Guarantee and Security Agreement and/or the Pledge Agreements with the following governmental bodies is required in order to perfect the security interests granted thereunder:

(A) The United States Patent and Trademark Office and the United States Copyright Office

(B) The Patents, Trademarks and Designs Office of any other jurisdiction.

The Collateral Agent agrees that it shall not seek (nor require any Grantor to take any action in order) to perfect its Security Interest in the trademarks set forth on Schedule 3.1(a)(v)(B).

Subsequent recording and filing with the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on registered patents, trademarks, trademark applications and copyrights acquired by the Company or any of its Subsidiaries after the date hereof.

(vi) It has not filed or authorized the filing of (A) any financing statement or analogous document under the UCC or any other applicable laws covering any such Collateral, (B) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with the United States Patent and Trademark Office or the United States Copyright Office, or (C) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with any foreign governmental, municipal or other office, in each case, which financing statement, analogous document, assignment or other instrument, as applicable, is still in effect, except for Liens expressly permitted by the Secured Transaction Documents.

(vii) The Security Interest in the Collateral owned or held by it or on its behalf (A) is effective to vest in the Collateral Agent, on behalf of the Secured Parties, the rights of the Collateral Agent in such Collateral as set forth herein and (B) does not violate Regulation T, U or X as of the Applicable Date.

(viii) Immediately after the Applicable Date, (i) the fair value of the assets of the Grantors, taken as a whole, at a fair valuation, will exceed their debts and liabilities, subordinated, contingent or otherwise, (ii) the present fair saleable value of the property of the Grantors, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (iii) each Grantor will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured, and (iv) each of the Grantors will not have unreasonably small capital with which to conduct the business following such date.

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

(i) It will promptly notify the Collateral Agent in writing of any change (A) in its legal name, (B) in the location of its chief executive office, principal place of business, any office in which it maintains books or records relating to any of the Collateral owned or held by it or on its behalf or, except to the extent permitted by Section 3.1(b)(vii) or Section 3.2, any office or facility at which any such Collateral is located (including the establishment of any such new office or facility), (C) in its identity or legal or organizational structure or its jurisdiction of formation, or (D) in its Federal Taxpayer Identification Number. It agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral with the priority required hereby.

(ii) It shall maintain, at its own cost and expense, such complete and accurate Records with respect to the Collateral owned or held by it or on its behalf as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which it is engaged, but in any event to include complete accounting Records indicating all payments and proceeds received with respect to any part of such Collateral.

(iii) It shall, at its own cost and expense, take any and all actions reasonably necessary to defend title to the Collateral owned or held by it or on its behalf against all Persons and to defend the Security Interest in such Collateral and the priority thereof against any Lien or other interest not expressly permitted by the Secured Transaction Documents, and in furtherance thereof, it shall not take, or permit to be taken, any action not otherwise expressly permitted by the Secured Transaction Documents that is reasonably likely to impair the Security Interest or the priority thereof or any Secured Party's rights in or to such Collateral in violation hereof.

(iv) The Collateral Agent and such Persons as the Collateral Agent may designate shall have the right at reasonable times and on reasonable notice, at the cost and expense of such Grantor, to inspect all of its Records (and to make extracts and copies from such Records), to discuss its affairs with its officers and (to the extent consented to by such independent accountants) independent accountants and to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral owned or held by or on behalf of such Grantor, including, upon the occurrence and during the continuance of any Event of Default, in the case of Receivables, Pledged Debt, General Intangibles, Commercial Tort Claims or Collateral in the possession of any third person, by contacting Account Debtors, contract parties or other obligors thereon or any third person possessing such Collateral for the purpose of making such a verification. The Collateral Agent shall maintain the confidentiality of all such information and shall have the absolute right to share on a confidential basis any information it gains from such inspection or verification with any Secured Party.

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

(vi) It shall not be excused from liability as a result of granting of the Security Interest pursuant to this Guarantee and Security Agreement to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral owned or held by it or on its behalf, all in accordance with the terms and conditions thereof and it agrees, jointly with the other Grantors and severally, to indemnify and hold harmless the Collateral Agent and the other Secured Parties from and against any and all liability for such performance.

(vii) It shall not make, or permit to be made, an assignment, pledge or hypothecation of the Collateral owned or held by it or on its behalf, or grant any other Lien in respect of such Collateral, except Permitted Liens. Except as expressly permitted by the Secured Transaction Documents, it shall not make or permit to be made any transfer of such Collateral, and it shall remain at all times in possession of such Collateral and the direct owner, beneficially and of record, of the Pledged Equity Interests included in such Collateral, except that (A) Inventory may be sold in the ordinary course of business and (B) unless and until the Collateral Agent shall notify it that an Event of Default shall have occurred and be continuing and that, during the continuance thereof, it shall not sell, convey, lease, assign, transfer or otherwise dispose of any such Collateral (which notice may be given by telephone if promptly confirmed in writing), it may use and dispose of such Collateral in any lawful manner not inconsistent with the provisions of this Guarantee and Security Agreement or any other Secured Transaction Document.

Section 3.2 Equipment and Inventory

Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that, except for such Equipment and Inventory that does not exceed a book value of $100,000 in the aggregate for all Grantors, as of the Applicable Date, all of the Equipment and Inventory included in the Collateral owned or held by it or on its behalf (other than mobile goods and Inventory and Equipment in transit) is kept only at the locations specified on Schedule 3.2. In addition, each Grantor covenants and agrees that it shall not permit any Equipment or Inventory owned or held by it or on its behalf to be in the possession or control of any warehouseman, bailee, agent or processor for a period of greater than ninety (90) consecutive days, unless such warehouseman, bailee, agent or processor shall have been notified of the Security Interest and shall have agreed in writing to hold such Equipment or Inventory subject to the Security Interest and the instructions of the Collateral Agent and to waive and release any Lien held by it with respect to such Equipment or Inventory, whether arising by operation of law or otherwise.

Section 3.3 Receivables

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that, except for Receivables valued at less than $25,000 individually and $100,000 in the aggregate for all Grantors, no Receivable is evidenced by an Instrument (other than checks received in the ordinary course of business) or Chattel Paper that has not been delivered to the Collateral Agent.

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

(i) At the reasonable request of the Collateral Agent, it shall mark conspicuously, in form and manner reasonably satisfactory to the Collateral Agent, all Chattel Paper, Instruments (other than checks received in the ordinary course of business) and other evidence of any Receivables owned or held by it or on its behalf (other than any delivered to the Collateral Agent as provided herein and other than purchase orders sent to customers), as well as the related Receivables Records with an appropriate reference to the fact that the Collateral Agent has a security interest therein.

(ii) It will not, without the Collateral Agent's prior written consent (which consent shall not be unreasonably withheld), grant any extension of the time of payment of any such Receivable, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Supporting Obligation or Collateral Support relating thereto, or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, releases, compromises or settlements granted or made in the ordinary course of business and consistent with its then current practices and in accordance with such practices reasonably believed by such Grantor to be prudent.

(iii) Except as otherwise provided in this Section and unless otherwise determined by such Grantor in accordance with its good faith business judgment, it shall continue to use its best efforts to collect all amounts due or to become due to it under all such Receivables and any Supporting Obligations or Collateral Support relating thereto, and diligently exercise each material right it may have thereunder, in each case at its own cost and expense, and in connection with such collections and exercise, it shall, upon the occurrence and during the continuance of an Event of Default, take such action as it or the Collateral Agent may reasonably deem necessary. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time upon the occurrence and during the continuance of an Event of Default to notify, or require such Grantor to notify, any Account Debtor with respect to any such Receivable, Supporting Obligation or Collateral Support of the Collateral Agent's security interest therein, and in addition, at any time during the continuation of an Event of Default, the Collateral Agent may: (A) direct such Account Debtor to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent and (B) enforce, at the cost and expense of such Grantor, collection thereof and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor would be able to have done. If the Collateral Agent notifies such Grantor that it has elected to collect any such Receivable, Supporting Obligation or Collateral Support in accordance with the preceding sentence, any payments thereof received by such Grantor shall not be commingled with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent hereunder and shall be forthwith delivered to the Collateral Agent in the same form as so received (with any necessary endorsement), and such Grantor shall not grant any extension of the time of payment thereof, compromise, compound or settle the same for less than the full amount thereof, release the same, wholly or partly, or allow any credit or discount whatsoever thereon.

(iv) It shall use its reasonable best efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to any Receivable.

Section 3.4 Investment Property

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that:

(i) Schedule 3.4 sets forth, as of the Applicable Date, (i) all of the Investment Property (other than (A) Receivables not evidenced by an Instrument or Chattel Paper and (B) Equity Interests with an immaterial value) owned or held by or on behalf of such Grantor to the extent not held in a Securities Account and (ii) each Securities Account or commodities account maintained by or on behalf of such Grantor.

(ii) All Pledged Equity Interests have been duly authorized and validly issued and are fully paid and nonassessable, and such Grantor is the direct owner, beneficially and of record, thereof, free and clear of all Liens (other than Liens expressly permitted by the Secured Transaction Documents).

(iii) All Pledged Debt other than Pledged Debt described on Schedule 3.4 hereto has been duly authorized, issued and delivered and, where necessary, authenticated, and constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, and general equitable principles (whether considered in a proceeding in equity or at law).

(iv) All Investment Property, other than Investment Property held in a Securities Account identified on Schedule 3.4, consisting of certificated securities, Chattel Paper or Instruments other than checks received in the ordinary course of business has been delivered to the Collateral Agent.

(v) Other than the Pledged Equity Interests that constitute General Intangibles, there is no Investment Property other than that (x) represented by certificated securities or Instruments in the possession of the Collateral Agent or (y) held in a Securities Account identified on Schedule 3.4.

(b) Registration in Nominee Name; Denominations. Each Grantor hereby agrees that (i) without limiting Article 5, the Collateral Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion) to hold any Investment Property in its own name as pledgee, the name of its nominee (as pledgee or as sub agent) or the name of the applicable Grantor, endorsed or assigned, where applicable, in blank or in favor of the Collateral Agent, (ii) at the Collateral Agent's request, such Grantor will promptly give to the Collateral Agent copies of any material notices or other communications received by it with respect to any Investment Property registered in its name, and (iii) the Collateral Agent shall at all times have the right to exchange any certificates, instruments or other documents representing or evidencing any Investment Property owned or held by or on behalf of such Grantor for certificates, instruments or other documents of smaller or larger denominations for any purpose consistent with this Guarantee and Security Agreement.

(c) Voting and Distributions.

(i) Unless and until an Event of Default shall have occurred and be continuing:

(A) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of the Investment Property, or any part thereof, for any purpose not inconsistent with the terms of this Guarantee and Security Agreement and the other Secured Transaction Documents; provided, however, that such Grantor will not be entitled to exercise any such right if the result thereof could materially and adversely affect the rights inuring to a holder of the Investment Property or the rights and remedies of the Collateral Agent under this Guarantee and Security Agreement or any other Secured Transaction Document or the ability of the Collateral Agent to exercise the same.

(B) The Collateral Agent shall execute and deliver to each Grantor, or cause to be executed and delivered to each Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling it to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subsection (c)(i)(A) and to receive the cash payments it is entitled to receive pursuant to subsection (c)(i)(C).

(C) Each Grantor shall be entitled to receive, retain and use any and all cash dividends, interest and principal paid on the Investment Property owned or held by it or on its behalf to the extent and only to the extent that such cash dividends, interest and principal are not prohibited by, and otherwise paid in accordance with, the terms and conditions of the Secured Transaction Documents and applicable laws. All non cash dividends, interest and principal, and all dividends, interest and principal paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution, return of capital, capital surplus or paid in surplus, and all other distributions (other than distributions referred to in the preceding sentence) made on or in respect of the Investment Property, whether paid or payable in cash or otherwise, whether resulting from a subdivision, combination or reclassification of the outstanding Pledged Equity Interests in any issuer of any Investment Property or received in exchange for any Investment Property, or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Collateral, and, if received by such Grantor, shall not be commingled with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent hereunder and shall be forthwith delivered to the Collateral Agent in the same form as so received (with any necessary endorsement).

(ii) Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default:

(A) Upon the direction of the Collateral Agent, all rights of each Grantor to dividends, interest or principal that it is authorized to receive pursuant to subsection (c)(i)(C) shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest or principal, as applicable. All dividends, interest and principal received by or on behalf of any Grantor contrary to the provisions of this Section shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this subsection (c)(ii)(A) shall be retained by the Collateral Agent in an account to be established in the name of the Collateral Agent, for the ratable benefit of the Secured Parties, upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 6.2. Subject to the provisions of this subsection (c)(ii)(A), such account shall at all times be under the sole dominion and control of the Collateral Agent, and the Collateral Agent shall at all times have the sole right to make withdrawals therefrom and to exercise all rights with respect to the funds and other property from time to time deposited therein or credited thereto as set forth in the Secured Transaction Documents. After all Events of Default have been cured or waived, the Collateral Agent shall, within five Business Days after all such Events of Default have been cured or waived, repay to the applicable Grantor all cash dividends, interest and principal (without interest) that such Grantor would otherwise be permitted to retain pursuant to the terms of subsection (c)(i)(C) and which remain in such account.

(B) Upon the direction of the Collateral Agent, all rights of each Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to subsection (c)(i)(A), and the obligations of the Collateral Agent under subsection (c)(i)(B), shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers, provided that, unless otherwise directed by the Investors, the Collateral Agent shall have the right from time to time upon the occurrence of and during the continuance of an Event of Default to permit such Grantor to exercise such rights. After all Events of Default have been cured or waived, the applicable Grantor will have the right to exercise the voting and consensual rights and powers that it would otherwise be entitled to exercise pursuant to the terms of subsection (c)(i)(A).

(d) Covenants and Agreements. [Intentionally Omitted]

Section 3.5 Letter of Credit Rights

Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that Schedule 3.5 sets forth, as of the Applicable Date, each letter of credit giving rise to a Letter of Credit Right included in the Collateral owned or held by or on behalf of such Grantor.

Section 3.6 Intellectual Property Collateral

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that Schedule 3.6 sets forth, as of the Applicable Date, all of the Patents, material Patent Licenses, Trademarks, Trademark Licenses, material Copyrights, material Copyright Licenses, Trade Secret Licenses and Domain Names included in the Collateral owned or held by such Grantor.

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

(i) It will not, knowingly or intentionally, nor will it permit any of its licensees (or sublicensees) to, do any act, or omit to do any act, whereby any Patent that is related to the conduct of its business may become invalidated or dedicated to the public, and it shall use its reasonable best efforts to continue to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws.

(ii) It will (either directly or through its licensees or its sublicensees), for each Trademark that is necessary for the conduct of its business, (A) maintain such Trademark in full force free from any claim of abandonment or invalidity for non use, (B) display such Trademark with notice of Federal or other analogous registration to the extent necessary and sufficient to establish and preserve its rights under applicable law, and (C) not knowingly use or knowingly permit the use of such Trademark in violation of any third party's valid and legal rights.

(iii) It will promptly notify the Collateral Agent in writing if it knows or has reason to know that any Intellectual Property material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or the United States Copyright Office, or any similar offices or tribunals in the United States or any other country) regarding such Grantor's ownership of any such Intellectual Property, its right to register the same, or to keep and maintain the same.

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

(v) It will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar offices or tribunals in the United States and the European Union, and except as otherwise determined in its good faith business judgment, any other country, to maintain and pursue each material application relating to the Intellectual Property owned or held by it (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registered Trademark and Copyright that is material to the conduct of its business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent, in good faith, with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties. In the event that it has reason to believe that any Intellectual Property material to the conduct of its business has been or is about to be infringed, misappropriated or diluted by a third party, it promptly shall notify the Collateral Agent in writing and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Intellectual Property.

(vi) During the continuance of an Event of Default, it shall use its reasonable best efforts to obtain all requisite consents or approvals by the licenser of each License to effect the assignment (as collateral security) of all of its right, title and interest thereunder to the Collateral Agent or its designee.

(vii) It shall take all steps reasonably necessary to protect the secrecy of all Trade Secrets relating to the products and services sold or delivered under or in connection with the Intellectual Property owned or held by, including entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents.

(viii) It shall in accordance with its past practices continue to collect all amounts due or to become due to such Grantor under all Intellectual Property, and diligently exercise each material right it may have thereunder, in each case at its own cost and expense, and in connection with such collections and exercise, it shall, upon the occurrence and during the continuance of an Event of Default, take such action as it or the Collateral Agent may reasonably deem necessary. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to notify, or require such Grantor to notify, any relevant obligors with respect to such amounts of the Collateral Agent's security interest therein.

Section 3.7 Commercial Tort Claims

(a) Representations and Warranties. Each of the Grantors, jointly with the other Grantors and severally, represents and warrants to the Collateral Agent and the other Secured Parties that Schedule 3.7 sets forth, as of the Applicable Date, all Commercial Tort Claims made by it or on its behalf or to which it otherwise has any right, title or interest.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that promptly after the same shall have been commenced, it shall provide to the Collateral Agent written notice of any Commercial Tort Claim and any judgment, settlement or other disposition thereof.

Section 3.8 Deposit Accounts.

(a) Representations and Warranties. The only Deposit Accounts maintained by any Grantor on the Applicable Date are those listed on Schedule 3.8 which sets forth such information separately for each Grantor.

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

Following the Applicable Date, each Grantor shall provide the Investors and Collateral Agent fifteen (15) days written notice prior to the formation of a Deposit Account.

ARTICLE 4.

FURTHER ASSURANCES

Each Grantor hereby covenants and agrees, at its own cost and expense, to execute, acknowledge, deliver and/or cause to be duly filed all such further agreements, instruments and other documents (including favorable legal opinions in connection with any Transaction) that may be reasonably requested by the Collateral Agent, and take all such further actions, that the Collateral Agent may from time to time reasonably request to preserve, protect and perfect the Security Interest granted by it and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with its execution and delivery of this Guarantee and Security Agreement, the granting by it of the Security Interest and the filing of any financing statements or other documents in connection herewith or therewith. In addition, to the extent permitted by applicable law, each Grantor hereby irrevocably authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral owned or held by it or on its behalf without the signature of such Grantor and additionally agrees that a photographic or other reproduction of this Guarantee and Security Agreement may be filed with the United States Patent and Trademark Office and/or the United States Copyright Office, as applicable. Each Grantor hereby further irrevocably authorizes the Collateral Agent to file a Record or Records, including financing statements, in all jurisdictions and with all filing offices that the Collateral Agent may determine, in its sole and absolute discretion, are necessary, advisable or prudent to perfect the Security Interest granted by it and agrees that such financing statements may describe the Collateral owned or held by it or on its behalf in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner that the Collateral Agent may determine, in its sole and absolute discretion, is necessary, advisable or prudent to perfect the Security Interest granted by such Grantor, including describing such property as “all assets” or “all personal property.”

ARTICLE 5.

COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT

Each Grantor hereby appoints the Collateral Agent and any officer or agent thereof, as its true and lawful agent and attorney in fact for the purpose of carrying out the provisions of this Guarantee and Security Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest, and without limiting the generality of the foregoing, the Collateral Agent shall have the right, with power of substitution for such Grantor and in such Grantor's name or otherwise, for the use and benefit of the Collateral Agent and the other Secured Parties, upon the occurrence and during the continuance of an Event of Default, (i) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral owned or held by it or on its behalf or any part thereof; (ii) to demand, collect, receive payment of, give receipt for, and give discharges and releases of, any of such Collateral; (iii) to sign the name of such Grantor on any invoice or bill of lading relating to any of such Collateral; (iv) to send verifications of Receivables owned or held by it or on its behalf to any Account Debtor; (v) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on any of the Collateral owned or held by it or on its behalf or to enforce any rights in respect of any of such Collateral; (vi) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to any of such Collateral; (vii) to notify, or to require such Grantor to notify, Account Debtors and other obligors to make payment directly to the Collateral Agent, and (viii) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with any of such Collateral, and to do all other acts and things necessary to carry out the purposes of this Guarantee and Security Agreement, as fully and completely as though the Collateral Agent were the absolute owner of such Collateral for all purposes; provided, however, that nothing herein contained shall be construed as requiring or obligating the Collateral Agent or any other Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any other Secured Party, or to present or file any claim or notice, or to take any action with respect to any of the Collateral or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Collateral Agent or any other Secured Party with respect to any of the Collateral shall give rise to any defense, counterclaim or offset in favor of such Grantor or to any claim or action against the Collateral Agent or any other Secured Party in the absence of the Collateral Agent's or such Secured Party's gross negligence or willful misconduct. The provisions of this Article shall in no event relieve any Grantor of any of its obligations hereunder or under the other Secured Transaction Documents with respect to any of the Collateral or impose any obligation on the Collateral Agent or any other Secured Party to proceed in any particular manner with respect to any of the Collateral, or in any way limit the exercise by the Collateral Agent or any other Secured Party of any other or further right that it may have on the date of this Guarantee and Security Agreement or hereafter, whether hereunder, under any other Secured Transaction Document, by law or otherwise. Any sale pursuant to the provisions of this paragraph shall conform to the commercially reasonable standards as provided in Part 6 of Article 9 of the UCC.

ARTICLE 6.

REMEDIES UPON DEFAULT

Section 6.1 Remedies Generally

(a) General Rights. Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral owned or held by it or on its behalf to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times to the extent permitted by law: (i) with respect to any Collateral consisting of Intellectual Property or Commercial Tort Claims, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any such Collateral by the applicable Grantors to the Collateral Agent, or, in the case of Intellectual Property, to license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained), and (ii) with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral owned or held by it or on its behalf and without liability for trespass to enter any premises where such Collateral may be located for the purpose of taking possession of or removing such Collateral and, generally, to exercise any and all rights afforded to a secured party under the UCC or other applicable law. Without limiting the generality of the foregoing, each Grantor agrees that, upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of any of the Collateral owned or held by or on behalf of such Grantor, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be irrevocably authorized at any such sale of such Collateral constituting securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing such Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale, the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of the applicable Grantor, and such Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay, valuation and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

(b) Sale of Collateral. The Collateral Agent shall give each Grantor ten days' written notice (which such Grantor agrees is reasonable notice within the meaning of Part 6 of Article 9 of the UCC) of the Collateral Agent's intention to make any sale of any of the Collateral owned or held by or on behalf of such Grantor. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which such Collateral will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of any of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by applicable law, private) sale made pursuant to this Section, any Secured Party may bid for or purchase, free (to the extent permitted by applicable law) from any right of redemption, stay, valuation or appraisal on the part of such Grantor (all said rights being also hereby waived and released to the extent permitted by law), any of the Collateral offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from such Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to such Grantor therefor. For purposes hereof, (i) a written agreement to purchase any of the Collateral shall be treated as a sale thereof, (ii) the Collateral Agent shall be free to carry out such sale pursuant to such agreement, and (iii) no Grantor shall be entitled to the return of any of the Collateral subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose upon any of the Collateral and to sell any of the Collateral pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Without limiting the generality of the foregoing, each Grantor agrees as follows: (A) if the proceeds of any sale of the Collateral owned or held by it or on its behalf pursuant to this Article are insufficient to pay all the Obligations, it shall be liable for the resulting deficiency and the fees, charges and disbursements of any counsel employed by the Collateral Agent or any other Secured Party to collect such deficiency, (B) it hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any such Collateral may have been sold at any private sale pursuant to this Article was less than the price that might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree, (C) there is no adequate remedy at law for failure by it to comply with the provisions of this Section and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements in this Section may be specifically enforced, (D) the Collateral Agent may sell any such Collateral without giving any warranties as to such Collateral, and the Collateral Agent may specifically disclaim any warranties of title or the like, and (E) the Collateral Agent shall have no obligation to marshal any such Collateral.

Section 6.2 Application of Proceeds of Sale

The Collateral Agent shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, as follows:

FIRST, to the payment of all reasonable costs and expenses incurred by the Collateral Agent in connection with such collection or sale or otherwise in connection with this Guarantee and Security Agreement, any other Secured Transaction Document or any of the Obligations, including all out of pocket court costs and the reasonable fees and expenses of its agents and legal counsel, the repayment of all advances made by the Collateral Agent hereunder or under any other Secured Transaction Document on behalf of any Grantor and any other reasonable out-of-pocket costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Secured Transaction Document;

SECOND, to the payment in full of the Obligations (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of the Obligations owed to them on the date of any such distribution); and

THIRD, to the applicable Grantor, its successors or assigns, or as a court of competent jurisdiction may otherwise direct.

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

Section 6.3 Investment Property

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

Section 6.4 Grant of License to Use Intellectual Property

For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Article, at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent an irrevocable, non exclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sub license any of the Collateral consisting of Intellectual Property now owned or held or hereafter acquired or held by or on behalf of such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent shall be exercised, at the option of the Collateral Agent, upon the occurrence and during the continuation of an Event of Default; provided that any license, sub license or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon such Grantor notwithstanding any subsequent cure of an Event of Default. Any royalties and other payments received by the Collateral Agent shall be applied in accordance with Section 6.2.

ARTICLE 7.

REIMBURSEMENT OF COLLATERAL AGENT

Each Grantor agrees, jointly with the other Grantors and severally, to pay to the Collateral Agent the amount of any and all reasonable out-of-pocket expenses, including the fees, other charges and disbursements of counsel and of any experts or agents, that the Collateral Agent may incur in connection with (i) the administration of this Guarantee and Security Agreement relating to such Grantor or any of its property, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral owned or held by or on behalf of such Grantor, (iii) the exercise, enforcement or protection of any of the rights of the Collateral Agent hereunder relating to such Grantor or any of its property, or (iv) the failure by such Grantor to perform or observe any of the provisions hereof. Without limitation of its indemnification obligations under the other Secured Transaction Documents, each of the Grantors agrees, jointly with the other Grantors and severally, to indemnify the Collateral Agent and each Related Party thereof (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related out-of-pocket expenses, including reasonable counsel fees, other charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (a) the execution or delivery by such Grantor of this Guarantee and Security Agreement or any other Secured Transaction Document or any agreement or instrument contemplated hereby or thereby, or the performance by such Grantor of its obligations under the Secured Transaction Documents and the other transactions contemplated thereby or (b) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by judgment of a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of such Indemnitee. Any amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Secured Transaction Documents. The provisions of this Section shall remain operative and in full force and effect regardless of the termination of this Guarantee and Security Agreement or any other Secured Transaction Document, the consummation of the transactions contemplated hereby or thereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Guarantee and Security Agreement or any other Secured Transaction Document or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section shall be payable within ten days of written demand therefor and shall bear interest at the then prevailing rate under the Secured Notes.

ARTICLE 8.

WAIVERS; AMENDMENTS

No failure or delay of the Collateral Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent and the other Secured Parties hereunder and under the other Secured Transaction Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Guarantee and Security Agreement or any other Secured Transaction Document or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Grantor in any case shall entitle such Grantor to any other or further notice or demand in similar or other circumstances. Neither this Guarantee and Security Agreement nor any provision hereof may be waived, amended, supplemented or otherwise modified, or any departure therefrom consented to, except pursuant to an agreement or agreements in writing entered into by the Grantors and Investors holding more than a majority of the aggregate principal amount of the Senior Secured Notes then outstanding, provided that no such agreement shall waive, amend, supplement or otherwise modify, or consent to a departure to, the rights or duties of the Collateral Agent hereunder without the prior written consent of the Collateral Agent.

ARTICLE 9.

SECURITY INTEREST ABSOLUTE

All rights of the Collateral Agent hereunder, the Security Interest and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of any Secured Transaction Document, any agreement with respect to any of the Obligations, or any other agreement or instrument relating to any of the foregoing, (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other waiver, amendment, supplement or other modification of, or any consent to any departure from, any Secured Transaction Document or any other agreement or instrument relating to any of the foregoing, (iii) any exchange, release or non-perfection of any Lien on any other collateral, or any release or waiver, amendment, supplement or other modification of, or consent under, or departure from, any guarantee, securing or guaranteeing all or any of the Obligations, or (iv) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or in respect of this Guarantee and Security Agreement or any other Secured Transaction Document.

ARTICLE 10.

TERMINATION; RELEASE

This Guarantee and Security Agreement and the Security Interest shall terminate and be of no further force and effect when the Obligations shall have been finally and indefeasibly paid in full. Upon (i) any sale, transfer or other disposition permitted by the Secured Transaction Documents (other than any sale, transfer or other disposition of any Collateral that would, immediately after giving effect thereto, continue to be Collateral but for the release of the Security Interest therein pursuant to this clause) or (ii) the effectiveness of any written consent to the release of the Security Interest in any Collateral, the Security Interest in such Collateral shall be automatically released. In addition, if any of the Pledged Equity Interests in any Subsidiary are sold, transferred or otherwise disposed of pursuant to a transaction permitted by the Secured Transaction Documents and, immediately after giving effect thereto, such Subsidiary or subsidiary, as applicable, would no longer be a Subsidiary or a subsidiary, as applicable, then the obligations of such Subsidiary or subsidiary, as applicable, under this Guarantee and Security Agreement and the Security Interest in the Collateral owned or held by or on behalf of such Subsidiary or such subsidiary, as applicable, shall be automatically released. In connection with any termination or release pursuant to this Section, the Collateral Agent shall execute and deliver to the applicable Grantor, and hereby authorizes the filing of, at such Grantor's cost and expense, all Uniform Commercial Code termination statements and similar documents that such Grantor may reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Article shall be without recourse to or warranty by the Collateral Agent or any other Secured Party.

ARTICLE 11.

ADDITIONAL SUBSIDIARY GUARANTORS AND GRANTORS

Each Grantor hereby covenants and agrees to cause each of its Subsidiaries to execute a Supplement within three (3) calendar days of such Subsidiary becoming a Subsidiary of such Grantor. Upon execution and delivery after the date hereof by the Collateral Agent and a Subsidiary of a Supplement, such Subsidiary shall become a Subsidiary Guarantor and Grantor, as applicable, hereunder with the same force and effect as of the date of such execution as if originally named as a Subsidiary Guarantor and a Grantor, as applicable, herein (each an "Additional Subsidiary Guarantor and Grantor"). The execution and delivery of any Supplement shall not require the consent of any other Grantor hereunder. The rights and obligations of each Grantor hereunder and each Grantor and other party (other than an Investor) under the Secured Transaction Documents shall remain in full force and effect notwithstanding the addition of any Additional Subsidiary Guarantor and Grantor as a party to this Guarantee and Security Agreement.

ARTICLE 12.

COLLATERAL AGENT

Each Investor hereby irrevocably appoints the Collateral Agent as its agent and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The Person serving as the Collateral Agent hereunder shall have the same rights and powers in its capacity as an Investor as any other investor and may exercise the same as though it were not the Collateral Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Collateral Agent hereunder.

The Collateral Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Collateral Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (ii) the Collateral Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by this Agreement, and (iii) except as expressly set forth herein, the Collateral Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of the Subsidiaries that is communicated to or obtained by the Person serving as Collateral Agent or any of its Affiliates in any capacity. The Collateral Agent shall not be liable for any action taken or not taken by it in the absence of its own gross negligence or willful misconduct. The Collateral Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Collateral Agent by the Company or an Investor (and, promptly after its receipt of any such notice, it shall give each Investor and the Company notice thereof), and the Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (a) any statement, warranty or representation made in or in connection with any Secured Transaction Document, (b) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (c) the performance or observance of any of the covenants, agreements or other terms or conditions set forth therein, (d) the validity, enforceability, effectiveness or genuineness thereof or any other agreement, instrument or other document or (e) the satisfaction of any condition set forth in herein, other than to confirm receipt of items expressly required to be delivered to the Collateral Agent.

The Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing reasonably believed by it to be genuine and to have been signed or sent by the proper Person. The Collateral Agent also may rely upon any statement made to it orally or by telephone and reasonably believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Collateral Agent may consult with legal counsel (who may be counsel for the Grantors), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Collateral Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub agents appointed by the Collateral Agent, provided that no such delegation shall serve as a release of the Collateral Agent or waiver by the Company of any rights hereunder. The Collateral Agent and any such sub agent may perform any and all its duties and exercise its rights and powers through their respective affiliates. The exculpatory provisions of the preceding paragraphs shall apply to any such sub agent and to the affiliates of the Collateral Agent and any such sub agent, and shall apply to their respective activities acting for the Collateral Agent.

Subject to the appointment and acceptance of a successor Collateral Agent as provided in this paragraph, the Collateral Agent may resign at any time by notifying the Investors and the Company. Upon any such resignation, the Investor holding a majority of the principal amount of the Senior Secured Notes shall have the right to appoint a successor. If no successor shall have been so appointed by the Investor and shall have accepted such appointment within 30 days after the retiring Collateral Agent gives notice of its resignation, then the retiring Collateral Agent may, on behalf of the Investor holding a majority of the principal amount of the Senior Secured Notes, appoint a successor Collateral Agent which shall be a bank with an office in New York, New York, or an affiliate of any such bank. Upon the acceptance of its appointment as Collateral Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations hereunder. After the Collateral Agent's resignation hereunder, the provisions of this Article shall continue in effect for the benefit of such retiring Collateral Agent, its sub agents and their respective affiliates in respect of any actions taken or omitted to be taken by any of them while it was acting as Collateral Agent.

Each Investor acknowledges that it has, independently and without reliance upon the Collateral Agent or any other Investors and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into the Secured Transaction Documents. Each Investor also acknowledges that it will, independently and without reliance upon the Collateral Agent or any other Investors and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon any Secured Transaction Document, any related agreement or any document furnished thereunder.

ARTICLE 13.

NOTICES

All notices, requests, demands and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party at its address or facsimile number set forth below or such other address or facsimile number as such party may hereafter specify by notice to the other parties listed below:

(a) If to the Company:

Twistbox Entertainment, Inc.
14242 Ventura Blvd., Third Floor
Sherman Oaks, CA 91423
Telephone: (818) 301-6200
Facsimile: (818) 708-0598
Attention: Chief Executive Officer
Attention: General Counsel

with a copy to:

Manatt, Phelps & Phillips, LLP
11355 West Olympic Boulevard
Los Angeles, California 90064
Attention: Richard J. Maire, Esq.
Facsimile: (310) 312-4224

(b) If to Parent or a Subsidiary Guarantor: At its address for notices set forth on Schedule I.

(c) If to the Collateral Agent:

Trinad Capital Management, LLC
2000 Avenue of the Stars, Suite 410
Los Angeles, California 90067
Telephone: _____
Facsimile: _____
Attention: _____

Each such notice, request or other communication shall be effective (i) upon receipt (provided, however, that notices received on a Saturday, Sunday or legal holiday or after 6:30 p.m. (New York City time) on any other day will be deemed to have been received on the next Business Day), if given by facsimile transmission, (ii) the Business Day following the date of delivery with a nationally recognized overnight courier service or (iii) if given by any other means, when delivered at the address specified in this Article 13.

ARTICLE 14.

BINDING EFFECT; SEVERAL AGREEMENT; ASSIGNMENTS

Whenever in this Guarantee and Security Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party, and all covenants, promises and agreements by or on behalf of any Grantor that are contained in this Guarantee and Security Agreement shall bind and inure to the benefit of each party hereto and its successors and permitted assigns. This Guarantee and Security Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Grantor and the Collateral Agent and their respective successors and permitted assigns, and shall inure to the benefit of such Grantor, the Collateral Agent and the other Secured Parties, and their respective successors and permitted assigns, except that no Grantor shall have the right to assign its rights or obligations hereunder or any interest herein or in any of the Collateral (and any such attempted assignment shall be void), except as expressly contemplated by this Guarantee and Security Agreement or the other Secured Transaction Documents. This Guarantee and Security Agreement shall be construed as a separate agreement with respect to each of the Grantors and may be amended, supplemented, waived or otherwise modified or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

ARTICLE 15.

SURVIVAL OF AGREEMENT; SEVERABILITY

All covenants, agreements, representations and warranties made by the Grantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Guarantee and Security Agreement or any other Secured Transaction Document shall be considered to have been relied upon by the Collateral Agent and the other Secured Parties and shall survive the execution and delivery of any Secured Transaction Document and the making of any Loan, regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect until this Guarantee and Security Agreement shall terminate. In the event any one or more of the provisions contained in this Guarantee and Security Agreement or in any other Secured Transaction Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

ARTICLE 16.

GOVERNING LAW

THIS GUARANTEE AND SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA. THE LAWS OF ANY FOREIGN COUNTRY SHALL APPLY ONLY TO THE EXTENT SUCH APPLICATION IS MANDATORY PURSUANT TO THE PRINCIPLES OF INTERNATIONAL PRIVATE LAW (CONFLICT OF LAWS).

ARTICLE 17.

COUNTERPARTS

This Guarantee and Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract (subject to Article 14), and shall become effective as provided in Article 14. Delivery of an executed counterpart of this Guarantee and Security Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Guarantee and Security Agreement.

ARTICLE 18.

HEADINGS

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Guarantee and Security Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Guarantee and Security Agreement.

ARTICLE 19.

JURISDICTION; VENUE; CONSENT TO SERVICE OF PROCESS

EACH OF THE GRANTORS HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA SITTING IN LOS ANGELES COUNTY AND OF THE UNITED STATES' DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER COLLATERAL DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE OF CALIFORNIA COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE SECURED PARTIES MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST THE COMPANY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

EACH OF THE GRANTORS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTEE AND SECURITY AGREEMENT OR ANY OTHER SECURED TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN THE PRECEDING PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN ARTICLE 13. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

ARTICLE 20.

WAIVER OF JURY TRIAL

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

[Signature Pages Follow]

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

TWISTBOX ENTERTAINMENT, INC.

By: _____
Name:
Title:

NEUMEDIA, INC., formerly known as
Mandalay Media, Inc.

By: _____
Name:
Title:

[Signature Page to the Guarantee and Security Agreement]

FOREIGN SUBSIDIARIES

TWISTBOX ENTERTAINMENT LTD.
(RUSSIA)

By: _____
Name:
Title:

TWISTBOX ENTERTAINMENT LIMITED
(UK)

By: _____
Name:
Title:

TWISTBOX ENTERTAINMENT LTDA
(BRAZIL)

By: _____
Name:
Title:

WAAT MEDIA CHILE SA

By: _____
Name:
Title:

TWISTBOX ENTERTAINMENT OF
ARGENTINA

By: _____
Name:
Title:

WAAT MEDIA COLUMBIA

By: _____
Name:
Title:

DOMESTIC SUBSIDIARIES

WAAT MEDIA CORP.

By: _____
Name:
Title:

[Signature Page to the Guarantee and Security Agreement]

TRINAD CAPITAL MANAGEMENT,
LLC, as Collateral Agent

By: _____

Name:
Title:

[Signature Page to the Guarantee and Security Agreement]

SCHEDULE I

SUBSIDIARIES

1. WAAT Media Corp. (domestic)
2. Twistbox Entertainment Ltd. (Russia)
3. Twistbox Entertainment Limited (UK)
4. Twistbox Entertainment LTDA (Brazil)
5. WAAT Media Chile SA
6. Twistbox Entertainment of Argentina
7. WAAT Media Columbia