

## **Exhibit 8.3.6(c)**

## **LOAN, SECURITY AND PLEDGE AGREEMENT**

THIS LOAN, SECURITY AND PLEDGE AGREEMENT (“**Agreement**”) is made, executed, delivered and entered into as of [INSERT DATE], by and between [TRUST], a [Delaware Statutory Trust] (“**Borrower**”) and THORNWOOD ASSOCIATES LIMITED PARTNERSHIP, a Delaware limited partnership or its designee (“**Lender**”).

### **Preliminary Statement**

WHEREAS, Borrower and Lender have entered into this Agreement and the other Loan Documents (as hereinafter defined) to evidence and set forth the terms and conditions of the loan that Lender is making available to Borrower, for the sum of One Hundred Million Dollars (\$100,000,000.00) in accordance with the term loan facility provided in this Agreement; and

WHEREAS, Borrower owns \_\_\_\_\_ shares of the Class B common stock (the “**FMO Stock**”) of Federal-Mogul Corporation, a Delaware corporation (“**FMO**”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby conclusively acknowledged, the parties to this Agreement, intending to be legally bound, agree as follows:

### **SECTION 1 CERTAIN DEFINITIONS**

Capitalized terms used in this Agreement or in any Loan Document shall have the meanings set forth in this Section 1. Capitalized terms defined in the introductory Preliminary Statement or elsewhere in this Agreement shall have the meanings assigned to them at the place first defined. To the extent required by the context in which any defined term is used, the definitions include the singular and plural forms of the terms defined. Any defined term that relates to a document, instrument or agreement shall include within its definition any amendments, addenda, modifications, supplements, renewals, restatements, extensions, or substitutions that may be hereafter executed in accordance with the terms hereof. Unless otherwise specified, references to particular section numbers shall mean the respective sections of this Agreement.

#### **1.1 Defined Terms**

“**Affiliate**” means any individual, trust, estate, partnership, limited liability company, corporation or any other incorporated or unincorporated organization that directly controls or is controlled by or is under common control with Borrower, or any member, officer, or partner of Borrower or any relative of any of the foregoing. The term “**control**” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” shall have the meaning set forth in the first paragraph hereof.

**“Applicable Law”** means in respect of any Person, all provisions of constitutions, statutes, rules, ordinances, regulations and orders of governmental bodies or regulatory agencies applicable to such Person, and all orders and decrees of all courts and arbitrators in proceedings or actions to which the Person in question is a party or by which it or its properties are bound.

**“Business Day”** means each day that is not a Saturday or Sunday or a legal holiday under the laws of the State of New York, or the United States.

**“Borrower’s Certificate”** shall have the meaning set forth in Section 6.2(c) of this Agreement.

**“Capital Stock”** means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, and (ii) with respect to any Person that is not a corporation, any and all partnership or other Equity Interests in such Person.

**“Closing Date”** means [INSERT DATE], which is the effective date of this Agreement.

**“Code”** means the Uniform Commercial Code as adopted and in effect in the State of New York (with respect to Collateral located in or subject to the Code in that State), and, with respect to Collateral located in any other State, or for filings made in the State in which Borrower is formed, the Uniform Commercial Code as adopted and in effect in that State, as amended from time to time.

**“Collateral”** means (a) [\_\_\_\_\_] shares of FMO Stock and all certificates, options or rights of any nature whatsoever, with respect thereto, that may be pledged or transferred to Borrower while this Agreement is in effect; (b) all shares of Class A common stock of FMO or other securities of FMO (including additional shares of Class B common stock of FMO) into which the shares of FMO Stock owned by Borrower may be converted, exchanged, reclassified, combined or replaced; (c) all contract rights, instruments, documents, general intangibles, claims and causes of action against third parties, and notes and chattel paper arising from or by virtue of any transaction by Borrower in respect of the FMO Stock (including, without limitation, all rights of Borrower under that certain Registration Rights Agreement dated as of \_\_\_\_\_, between FMO, the Borrower and certain other parties); and (d) all proceeds (as defined in the Code) of such collateral, and all proceeds of such proceeds (including, without limitation, any and all dividends, distributions or payments of cash, stock, property or rights that Borrower receives in respect of its FMO Stock). For the avoidance of doubt, if and when received by Borrower, each of the items described in clauses (a) through (d) shall be (i) deemed to be Collateral for all purposes of this Agreement and (ii) except as otherwise provided in this Agreement, immediately delivered to Lender to be held pursuant to Section 3.3. Notwithstanding any provisions of this Agreement to the contrary, the term “Collateral” shall not include any shares of FMO Stock owned by Borrower that are required to be pledged to FMO in order to provide Borrower with sufficient cash to satisfy Borrower’s obligations to Cooper Industries, Ltd. and Cooper Industries, LLC in the event of (1)

implementation of Plan B under that certain Pneumo ABEX Settlement Plan A and Plan B Term Sheet, dated July 6, 2006, by and among Cooper Industries, Ltd., Cooper Industries, LLC, PCT International Holdings, Inc., Pneumo Abex, LLC, FMO, Federal-Mogul Products, Inc., the Futures Claimants' Representative for FMO and Federal Mogul Products, Inc. appointed in the Chapter 11 cases known as *In re Federal-Mogul Global Inc., T&N Limited, et al.*, No. 01-10578 (jointly administered) (the “**Reorganization Cases**”), and the Official Committee of Asbestos Claimants for FMO and Federal-Mogul Products, Inc. appointed in the Reorganization Cases; (2) Borrower does not elect to pay in cash the obligations of Borrower to FMO as a result of implementation of such Plan B; and (3) FMO retains any shares of FMO Stock pledged to it by Borrower in satisfaction of Borrower's obligations to FMO.

“**Debtor Relief Laws**” means any applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar law, proceeding or device providing for the relief of debtors or insolvent Persons from time to time in effect and generally affecting the rights of creditors.

“**Default**” means an event or condition the occurrence of which immediately is, or with the lapse of time or the giving or notice or both would become, an Event of Default.

“**Default Rate**” means the Interest Rate plus 2% per annum, from the date imposed or impossible to the date of payment.

“**Equity Interests**” means, with respect to any Person, any Capital Stock issued by such Person, regardless of class or designation, any limited or general partnership interest in such Person, or any limited liability membership interest in such Person, regardless of designation.

“**Event of Default**” shall have the meaning set forth in **Section 7** of this Agreement.

“**Exhibits**” refers to all of the exhibits attached to this Agreement or any Loan Document.

“**Final Maturity Date**” means the fourth (4<sup>th</sup>) anniversary of the Closing, or any earlier date on which the entire Loan is required to be paid in full, by acceleration or otherwise, pursuant to this Agreement or any Loan Document.

“**Financial Statements**” means the balance sheet and statement of income and expense of Borrower and the related notes, schedules and certifications, including those delivered by Borrower prior to the Closing Date, if any, and provided for in this Agreement; and the financial statements, reports and tax returns required to be provided to the Lender pursuant to **Section 6.3** of this Agreement or pursuant to any Loan Document.

“**Fiscal Year**” means the fiscal year of Borrower, which period shall be (i) the period ending on December 31 of the year in which the Closing occurs; and (ii) the 52-week period ending on December 31<sup>st</sup> of each year commencing after the year in which the Closing occurs. References to a Fiscal Year with a number corresponding to any calendar year (e.g.,

“Fiscal Year 2004”) refer to the Fiscal Year ending on December 31<sup>st</sup> of the corresponding calendar year.

“**GAAP**” means generally accepted accounting principles, applied on a consistent basis, set forth in Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board that are applicable in the circumstances as of the date in question; and the requisite that such principles be applied on a consistent basis means that the accounting principles in a current period are comparable in all material respects to those applied in a preceding period, with any exceptions thereto noted.

“**Governmental Authority**” means any federal, state, county, municipal or other governmental or quasi-governmental department, commission, board, bureau, authority, court, agency, or instrumentality having jurisdiction over Borrower or the Collateral.

“**Indebtedness**” means, with respect to Borrower, all payment Obligations of Borrower to Lender under the Loan Documents; and, with respect to any other Person, at any time, all indebtedness, obligations or other liabilities of such Person for borrowed money, the deferred purchase price of property, or as evidenced by debt securities together with any accrued interest, fees and charges relating thereto.

“**Interest Period**” means each one-month period commencing on the \_\_ day of each month and ending on the \_\_ day of each succeeding month thereafter, provided that: (a) any Interest Period that would otherwise end on a day that is not a Business Day shall end on the next preceding or succeeding Business Day and (b) the Interest Period that commences before and would otherwise end after the Final Maturity Date shall end on the Final Maturity Date.

“**Interest Rate**” means a fixed interest rate equal to [LIBOR plus 100 basis points (not to exceed 5.5%)] ([\_\_]%) percent per annum.

“**Lien**” means a security interest, or mortgage or collaterally assigned interest or pledge, or any interest in tangible or intangible property securing an obligation owed to, or claimed by, a Person other than the owner of such property, whether such interest arises in equity or is based on the common law, statute, or contract.

“**Loan**” means the term loan facility provided for in this Agreement in the initial principal amount of One Hundred Million Dollars (\$100,000,000.00).

“**Loan Costs**” means all expenditures and expenses, which may be paid or incurred by or on behalf of Lender in connection with the modification, workout, payment, collection or enforcement of the Loan. Loan Costs include, but shall in no way be limited to, reasonable legal fees, expenses and disbursements of Lender’s counsel and all of Lender’s out-of-pocket expenses.

“**Loan Documents**” means, collectively, this Agreement, the Note, Financing Statements as provided under the Code, and any other documents, agreements and instruments relating to the Loan.

**“Loan Term”** means the period from the Closing Date until the Final Maturity Date.

**“Material Adverse Effect”** means, an outcome that comprises: (a) a material adverse change to Borrower taken as a whole, or (b) the material impairment of the rights and remedies of the Lender under any of the Loan Documents, including without limitation the Lender’s ability to enforce the Obligations or realize upon any material portion of the Collateral (but only to the extent that such impairment is a result of any direct or indirect action by Borrower), or (c) a determination by a Governmental Authority, that is final and nonappealable, of any illegality, invalidity, or unenforceability of this Agreement or any of the Loan Documents, including without limitation the validity, perfection, or priority of any Lien in favor of the Lender in respect of the Collateral.

**“Note”** means a secured promissory note of Borrower payable to Lender in the initial principal amount of One Hundred Million Dollars (\$100,000,000.00) evidencing the Loan (and any promissory note of Borrower issued in addition thereto or in substitution therefor that evidences the Loan) dated as of the Closing Date that is executed and delivered by Borrower to the Lender.

**“Obligations”** means all amounts due or becoming due to Lender in respect of the Loan and all amounts due or becoming due to Lender under any of the Loan Documents, now existing or hereafter created or arising, jointly or severally, directly or indirectly, arising out of contract or tort or under law, and whether created directly or acquired or accruing by assignment, assumption or otherwise, and including principal, interest, taxes, insurance, Loan Costs, reasonable attorneys’ fees and expenses and other fees or expenses incurred by Lender or advanced by Lender to or on behalf of Borrower or pursuant to any of the Loan Documents, and amounts payable to or for the benefit of Lender under any subrogation rights, indemnities or guaranties in connection with the Loan.

**“Organizational Documents”** shall have the meaning set forth in Section 5.2 of this Agreement.

**“Person”** means an individual, partnership, corporation, joint venture, limited liability company, trust, trustee, association, joint stock company, estate, unincorporated organization, real estate investment trust, syndication, other entity, or a government or agency or political subdivision thereof.

**“Public Reports”** means any public reports now or hereafter filed with and approved by any Governmental Authority having jurisdiction over Borrower and the Collateral.

**“Schedules”** refers to any schedules attached to this Agreement or any Loan Document.

**“Security”** shall have the same meaning set forth in Section 2(1) of the Securities Act of 1933, as amended.

**“Taxes”** shall have the meaning set forth in Section 4.6 of this Agreement.

## SECTION 2 THE LOAN

### 2.1 Extension of the Loan.

(a) On the Closing Date, subject to the terms and conditions set forth herein and in reliance upon the representations and warranties set forth herein, the Lender agrees to make the Loan to the Borrower.

(b) On the Closing Date, Borrower shall authorize, execute and deliver to Lender the Note, which shall evidence the Loan.

**2.2 Interest Rate.** The outstanding principal balance of the Loan will accrue interest at the Interest Rate. Interest shall be calculated on the basis of a year of three hundred sixty-five (365) or three hundred sixty-six (366) days, as applicable, and paid for the actual number of days elapsed. Interest will begin to accrue on the outstanding principal balance of the Loan (including any amounts added to principal under the Loan Documents) as of Lender's wiring of funds or other disbursement of funds, and be payable through the Lender's receipt of repayment. For this purpose, if any payment is received by the Lender later than 12:00 noon eastern time, then interest accrual shall be through the next Business Day following such receipt unless payment is actually credited to Lender such that Lender has the use of the received payment on the same date as payment is received). Immediately upon the occurrence of an Event of Default and after the Final Maturity Date (if the Loan is not paid in full on or before the Final Maturity Date), at the Lender's election, in its discretion, the Loan will bear interest at the Default Rate.

**2.3 Usury Savings Clause.** Lender and Borrower intend to comply at all times with applicable usury laws. All agreements between Lender and Borrower with respect to the Loan, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no event, whether by reason of demand or acceleration of the maturity of the Loan or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Lender exceed the highest lawful rate permissible under applicable usury laws. If, from any circumstance whatsoever fulfillment of any provision hereof, of the Note or of any other Loan Documents shall involve transcending the limit of such validity prescribed by any law that a court of competent jurisdiction may deem applicable hereto, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if from any circumstance Lender shall ever receive anything of value deemed interest by applicable law that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal of the Loan and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Loan, such excess shall be refunded to Borrower. All interest paid or agreed to be paid to Lender shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated and spread throughout the full period until payment in full of the principal so that the interest on the Loan for such full period shall not exceed the highest lawful rate. Borrower agrees that in determining whether or not any interest payment under the Loan Documents exceeds the highest lawful rate, any non-principal payment (except payments specifically described in the Loan Documents as "interest") including without limitation, late charges, shall to the maximum extent not prohibited by law, be an expense, fee, premium or

penalty rather than interest. Lender hereby expressly disclaims any intent to contract for, charge or receive interest in an amount that exceeds the highest lawful rate. The provisions of the Note, this Agreement, and all other Loan Documents are hereby modified to the extent necessary to conform with the limitations and provisions of this Section, and this Section shall govern over all other provisions in any document or agreement now or hereafter existing. This Section shall never be superseded or waived unless there is a written document executed by the Lender and Borrower, expressly declaring the usury limitation of this Agreement to be null and void, and no other method or language shall be effective to supersede or waive this paragraph.

**2.4 Payments and Prepayments.** (a) All payments made in respect of the Loan (in good, collected funds in legal tender of the United States of America) will be applied by Lender in the following order: (i) to the payment of reasonable costs and expenses incurred, following an Event of Default, in collecting any amounts due to Lender in connection with the Loan; (ii) to the payment of any interest accrued on the Loan at the Interest Rate or Default Rate, as applicable; (iii) to the reduction of the principal balance of the Loan; and (iv) to any other monetary Obligations remaining due and unpaid to Lender.

(b) Borrower agrees punctually to pay or cause to be paid to Lender all principal and interest due in connection with the Loan and all other Obligations. Borrower shall make or cause to be made payments on the Loan in the manner and at times as provided in this Agreement. The entire Loan shall be payable in full on the Final Maturity Date together with any accrued interest thereon and any other amounts due under any Loan Documents.

(c) Prepayment of the Loan may be made, in whole or in part, upon five (5) days prior written notice to the Lender at any time without penalty or premium.

**2.5 Accountings.** Lender is hereby authorized to record in its manual or data processing records the date and gross amount of the Loan made in favor of Borrower, payments of principal and each payment of interest on account of the Loan; provided, that the failure to make any such record entry with respect to the Loan or payment or source of payment shall not limit or otherwise affect Borrower's Obligations under the Loan Documents.

### **SECTION 3 COLLATERAL**

**3.1 Grant of Security Interest.** To secure the prompt and complete payment and performance by Borrower of all of its Obligations, for value received, Borrower unconditionally and irrevocably assigns, pledges and grants to Lender, and hereby confirms the granting to Lender of, a continuing first priority security interest in and to the Collateral, whether now owned or existing or hereafter acquired, reacquired or arising, and regardless of where located. Borrower acknowledges and confirms that Lender has been granted and continues to hold, a continuing security interest and Lien in, to and upon, and right of set-off with respect to, the Collateral. The above-described Lien and security interest shall not be rendered void by the fact that no Obligations exist as of any particular date, but shall continue in full force and effect until all Obligations have been fully and finally paid, performed and satisfied.



**3.2 Financing Statements.** Borrower hereby authorizes Lender or Lender's counsel to file with the appropriate state authorities financing statements (including amendments and continuation statements) provided for by the Code together with any and all other instruments or documents and take such other action as may be required to perfect and to continue the perfection of Lender's security interest in the Collateral. At any time and from time to time, upon request by Lender, Borrower shall duly execute, acknowledge, and deliver to Lender any assignment, financing statement, instrument, document or other agreement, and take any other action that Lender may reasonably request, to create, preserve, continue, perfect or ratify the security granted in this Agreement, or that Lender may deem reasonably necessary to protect, exercise or enforce its rights with respect to the Collateral, or that may otherwise be necessary to effect for Lender the benefit of the security intended to be granted herein. All documents to be executed and/or delivered to Lender shall be in form and substance reasonably satisfactory to Lender.

**3.3 Stock Certificates.** The Borrower shall deliver, upon the execution of this Agreement, certificate(s) representing the shares of FMO Stock constituting the Collateral, endorsed in blank or with appropriate stock powers duly executed in blank, to be held by the Lender, in pledge, subject to the terms hereof. Simultaneously with the delivery of the shares of FMO Stock pursuant to this Agreement, the Lender shall direct FMO to record the pledge and transfer of the shares of FMO Stock to the Lender on FMO's corporate records and the Borrower shall execute any documents and take any action necessary or advisable to effectuate such transfer. The Lender shall be entitled to receive and hold in pledge hereunder in connection with any of the shares of FMO Stock, any: (i) stock certificate representing a stock dividend or in connection with any increase or reduction of capital, reclassification, merger, consolidation, or sale of assets, combination of shares or stock splits; (ii) option, warrant, or right, whether as an addition to or in substitution or in exchange for any of the shares of FMO Stock, or otherwise; and (iii) after the occurrence of and continuation of any Event of Default, any dividend or distribution payable in cash or property on the shares of FMO Stock.

**3.4 Security Agreement.** This Agreement shall be deemed a security agreement as defined in the Code, and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be cumulative and be as prescribed (a) herein or in any Loan Document, or (b) by law, or (c) as to such part of the Collateral that is also reflected in any filed assignment or financing statement, by the specific provisions of the Code or other Applicable Law now or hereafter enacted, all at the Lender's sole election, as may be exercised on one or more occasions.

**3.5 Proxy.** Borrower shall, concurrently with the execution hereof (and upon its subsequent acquisition of any additional shares), execute and deliver to Lender a proxy in the form of Exhibit A hereto designating Lender as the proxy and attorney-in-fact with full authority to vote all shares of FMO Stock owned beneficially or of record by Borrower at any annual or special meeting of the stockholders of FMO in accordance with the terms of said proxy upon occurrence of and continuation of an Event of Default. Prior to an Event of Default, Borrower shall have the right to vote all shares of FMO Stock owned beneficially or of record by Borrower, unless an Event of Default would occur as a result of such vote.

**3.6 Release of Collateral.** Upon satisfaction in full of the Obligations, the Collateral shall be released, and Lender, at Borrower's cost and expense, shall take such actions and execute and deliver such releases or other documents as Lender shall reasonably request to effect such release; provided however that, in connection with a proposed transaction, or series of proposed transactions, in which Borrower proposes to sell, transfer or exchange shares of the FMO Stock, Borrower may request that Lender release all or any portion of the FMO Stock pledged as Collateral and Lender (i) shall release all or such portion of the FMO Stock pledged to it as Collateral pursuant to this Agreement to the extent the proceeds of a proposed transaction or series of proposed transactions will be applied in satisfaction of the Obligations; and (ii) in its sole discretion, may elect to release or not release any portion of the FMO Stock pledged to it to the extent that the proceeds of a proposed transaction or series of transactions will not be applied to satisfaction, in whole or in part, of the Obligations.

#### **SECTION 4 CONDITIONS PRECEDENT TO CLOSING AND FUNDING**

The obligation of Lender to fund the Loan shall be subject to the satisfaction of each of the following conditions precedent, in addition to all of the conditions precedent set forth elsewhere in the Loan Documents:

**4.1 Closing Deliveries.** Lender shall have received, in form and substance satisfactory to the Lender, all documents, instruments and information reasonably required by the Lender and each agreement required to be delivered shall be in full force and effect unless otherwise agreed in writing by Lender.

**4.2 Security Interest.** Lender shall have received satisfactory evidence that the security interest and lien granted to Lender pursuant to this Agreement or the other Loan Documents have been duly perfected and constitute a first priority lien on the Collateral.

**4.3 Representations and Warranties.** The representations and warranties contained herein and in the other Loan Documents shall be true, correct and complete in all material respects on and as of the Closing Date.

**4.4 Proceedings Satisfactory.** All actions taken in connection with the execution or delivery of the Loan Documents, and all documents and papers relating thereto, shall be reasonably satisfactory to Lender and its counsel. Lender and its counsel shall have received copies of such documents and papers as Lender or such counsel may reasonably request in connection therewith, all in form and substance satisfactory to Lender and its counsel.

**4.5 No Default.** No Default or Event of Default shall exist immediately prior to the Closing Date hereunder or prior to the making of the Loan, and after giving effect to the Loan made hereunder.

**4.6 Taxes.** Lender shall have received satisfactory evidence that all taxes and assessments owed by or for which Borrower is responsible for collection have been paid to the extent due, or will be paid when due (the "**Taxes**"), except for those contested in good faith by

appropriate proceedings and with respect to which adequate reserves in conformity with GAAP and reasonably satisfactory to the Lender have been provided on Borrower's books and records.

**4.7 Opinion.** Lender shall have received an opinion of counsel to Borrower, in form and substance reasonably satisfactory to Lender, stating, among other customary matters, that (i) Borrower has the capacity to incur the Indebtedness and (ii) this Agreement is a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms.

**4.8 Litigation.** There shall be no bankruptcy, foreclosure action or other material litigation or judgments pending or outstanding against Borrower. The term "other material litigation" as used herein shall not include matters (i) in which Borrower is plaintiff and no material counterclaim is pending or (ii) that Lender determines, in its sole discretion, are immaterial due to settlement, insurance coverage, frivolity, or amount or nature of claim. Lender may require updated litigation searches and explanations in its discretion.

## **SECTION 5 GENERAL REPRESENTATIONS AND WARRANTIES**

As a material inducement to Lender to enter into this Agreement, Borrower represents and warrants to Lender as follows, which representations and warranties, as may be updated, supplemented, modified and recertified by Borrower in writing, shall remain true throughout the term of the Loan Term:

### **5.1 Formation, Existence, Qualification and Compliance.**

(a) Borrower is a Delaware statutory trust duly organized, validly existing and in good standing under the laws of the State of Delaware. Borrower's principal place of business and chief executive office is located at [\_\_\_\_\_].

(b) Borrower has all requisite power and authority to perform the Obligations under the Loan Documents.

### **5.2 Authorization, Execution and Enforceability.**

(a) **Execution and Performance.** The Loan Documents have been duly authorized by all necessary action, duly executed and delivered, and constitute the valid and legally binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms. Borrower has all requisite power and authority to execute and deliver the Loan Documents and to perform its obligations thereunder.

(b) **Other Agreements.** The execution, delivery, performance under, and compliance with the terms and provisions of the Loan Documents will not (i) require any consent or approval not heretofore obtained of any Person having an interest in, or jurisdiction or control over Borrower, excluding any approvals that may be necessary before the exercise of remedies under the Loan Documents, (ii) violate any provisions of, or require any consent or approval not heretofore obtained under, the trust agreement or other governing document applicable to Borrower (collectively, "**Organizational Documents**"), (iii) result in the creation or imposition

of any Lien, claim, charge or other rights in others or restrictions (other than as provided in the Loan Documents), that could or would cause a Material Adverse Effect to occur with respect to Borrower or its ability to perform its obligations (including without limitation the Obligations), (iv) violate any law, writ, order, regulation, injunction, decree, determination or award that would or could cause a Material Adverse Effect to occur with respect to Borrower or its ability to perform its obligations (including without limitation the Obligations), or (v) result in any breach or default under, or permit acceleration or cancellation of, any contract, agreement, lease, or commitment to which Borrower is a party or is bound.

(c) **Approvals.** There is no approval, authorization, order, license, permit, franchise or consent of, or registration, declaration, qualification or filing with, any Governmental Authority or other Person required to permit Borrower to borrow the Loan that has not been obtained and fully issued in connection with the execution, delivery and performance by Borrower of any of the Loan Documents or the enforcement by Lender of any of the Loan Documents.

**5.3 Tax Identification.** Borrower's federal taxpayer's identification number is [\_\_\_\_\_].

**5.4 Representations as to the Collateral Title.** Borrower has good and marketable title to the Collateral. To the knowledge of Borrower, the Collateral is duly authorized and validly issued, is fully paid and nonassessable. The Collateral is not subject to the preemptive rights of any Person (other than pursuant to that certain Lockup Agreement dated as of \_\_\_\_\_, between the Borrower and the Lender). No authorization, approval or action by, and no notice or filing with any Governmental Authority or with the issuer of any Collateral is required either (i) for the granting of the security interest by the Borrower pursuant to this Agreement or (ii) for the exercise by Lender of Lender's rights and remedies hereunder (except as may be required by laws affecting the offering and sale of securities).

**5.5 Perfection of Security Interest.** The execution and delivery of this Agreement and the other Loan Documents, the filing or recording of UCC-1 Financing Statements in the office of the Secretary of State of [\_\_\_\_\_] and the taking possession by the Lender of the certificates representing the Collateral will create in favor of Lender a valid and perfected continuing first priority security interest in the Collateral to the extent such security interest may be perfected under the Code. The Collateral secures and shall secure the full payment and performance of the Obligations under this Agreement.

## SECTION 6 COVENANTS

So long as any portion of the Obligations under the Loan Documents remains unpaid, Borrower covenants and agrees as follows:

**6.1 Payment of Indebtedness and Performance of Obligations.** Borrower shall pay the Loan and promptly perform all of its Obligations hereunder and under the Loan Documents. Borrower will do all commercially reasonable things necessary that are not prohibited by law to

ensure that the representations and warranties set forth herein or in any Loan Document remain true and correct, and to prevent the occurrence of any Event of Default. Borrower will promptly advise Lender if any representations or warranties become materially untrue, materially incorrect or materially misleading. Borrower will maintain its chief executive office and principal place of business in [\_\_\_\_\_] where notices, presentations and demands in respect of the Loan Documents may be made upon Borrower. Such office and the books and records of Borrower shall be maintained at [\_\_\_\_\_], until such time as Borrower shall so notify the Lender, in writing, of any change of location of such chief executive office and principal place of business. The Obligations of Borrower shall inure to the benefit of Lender, and its successors and assigns.

## **6.2 Reporting and Notice Requirements.**

(a) **Year End Financials.** Within one hundred twenty (120) days of the end of each Fiscal Year of Borrower, Borrower shall furnish to the Lender, (i) the balance sheets, profit and loss statements and statements of sources and uses of cash of Borrower as of the end of such year and the related statements of income and cash flow for such fiscal year; (ii) a schedule of all outstanding indebtedness of Borrower (including the Obligations) describing in reasonable detail each such debt or loan outstanding and the principal amount and amount of accrued and unpaid interest with respect to each such debt or loan; and (iii) with respect to the Financial Statements of Borrower, copies of reports from a firm of independent certified public accountants selected by Borrower, which shall state that such Financial Statements present fairly the financial position of Borrower as of the dates indicated and the results of its operations and cash flow for the periods indicated in conformity with GAAP.

(b) **Quarterly Financial Reports.** Within seventy-five (75) days after the end of each of the first three fiscal quarters in each Fiscal Year of Borrower, Borrower shall furnish to the Lender, unaudited financial statements of Borrower consisting of a balance sheet, statement of income (loss) and cash flow certified by a trustee or the appropriate officer of Borrower.

(c) **Officer's Certificate.** Each set of annual Financial Statements or reports delivered to the Lender pursuant to this Agreement will be accompanied by a certificate of a trustee or the appropriate officer of Borrower (each a "**Borrower's Certificate**"), setting forth that the signer has reviewed the relevant terms of this Agreement (and all other agreements and exhibits between the parties) and has made, or caused to be made, under his supervision, a review of the transactions and conditions of Borrower from the beginning of the period covered by the Financial Statements or reports being delivered therewith to the date of the certificate and that such review has not disclosed the existence during such period of any condition or event that constitutes a Default or Event of Default or, if any such condition or event existed or exists or will exist, specifying the nature and period of existence thereof and what action Borrower has taken or proposes to take with respect thereto. Such certificate shall be in a form that is reasonably acceptable to Lender.

(d) **Notice of Default or Event of Default.** Immediately upon becoming aware of the existence of any condition or event that constitutes a Default or an Event of Default,

Borrower shall furnish to the Lender a written notice specifying the nature and period of existence thereof and what action Borrower is taking or proposes to take with respect thereto.

**6.3 Records.** Borrower shall keep adequate records and books of account reflecting all financial transactions of Borrower, in which complete entries will be made in accordance with GAAP.

**6.4 Compliance with Laws.** Borrower shall comply with, conform to and obey all Applicable Laws, and each indenture, order, instrument, agreement or document to which Borrower is a party or by which Borrower is bound.

**6.5 Maintenance of Existence, Qualification and Assets.** Borrower shall at all times (a) maintain its legal existence in current active status, (b) maintain its qualifications to transact business and good standing in the State of \_\_\_\_\_ and in any jurisdiction where it conducts business, and (c) comply or cause compliance with all Applicable Laws.

**6.6 Further Assurances.** Borrower will execute and deliver, or cause to be executed and delivered, such other reasonable security agreements, financing statements and assignments and such other reasonable agreements, documents, instruments, certificates and assurances as, in the reasonable judgment of Lender exercised in good faith, may be necessary or appropriate to more effectively evidence or secure, and to ensure the performance of, the Obligations under the Loan Documents and to maintain a valid, enforceable and perfected first priority lien and security interest in the Collateral granted to lender to secure the Obligations under the Loan Documents.

**6.7 Collateral.** Except where the proceeds of any sale of the Collateral will be applied to satisfaction of the Obligations or as may otherwise be consented to by Lender, the Borrower shall not sell, assign, transfer, pledge, hypothecate or otherwise encumber all or any portion of the Collateral until the Loan is repaid in full, the Obligations satisfied and this Agreement is terminated.

## SECTION 7 EVENTS OF DEFAULT

An “**Event of Default**” shall exist if any of the following shall occur:

**7.1 Payments.** Borrower shall fail to make any principal payment on the Loan on or before the date such payment is due or Borrower shall fail to pay any interest on the Loan or any other amount payable hereunder within five (5) Business Days after such interest or other amount becomes due.

**7.2 Covenant Defaults.** Borrower shall fail to perform or observe any covenant, agreement or obligation contained in this Agreement or in any of the Loan Documents, and such failure shall continue for thirty (30) days after Lender delivers written notice thereof to Borrower; *provided, however*, if the failure is incapable of cure within such thirty (30) day period and Borrower shall be diligently pursuing a cure, such thirty (30) day cure period shall be extended by an additional period not to exceed thirty (30) days.

**7.3 Warranties or Representations.** Any statement, representation or warranty made by or on behalf of Borrower in the Loan Documents, any Financial Statements or any other writing delivered to Lender in connection with the Loan is false, misleading or erroneous in any material respect as of the date made or reaffirmed.

**7.4 Inability to Pay.** Any reports or notices delivered to Lender by Borrower pursuant to Section 6.2 indicate that Borrower is unable to timely pay the Obligations.

**7.5 Bankruptcy.**

(a) If (i) a petition under any Debtor Relief Law is filed by Borrower, (ii) Borrower consents to the entry of an order for relief against it in an involuntary case filed against Borrower, (iii) Borrower consents to the appointment of a trustee, receiver, assignee, liquidator or similar official, (iv) Borrower makes an assignment for the benefit of its creditors, or (v) Borrower admits in writing its inability to pay its debts as they become due.

(b) If a court of competent jurisdiction enters an order or decree under any Debtor Relief Law that (i) is for the relief against Borrower in any involuntary proceeding under a Debtor Relief Law, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower or substantially all of Borrower's properties, or (iii) orders the liquidation of Borrower, and, in each case, the order or decree is not dismissed within 120 days.

**7.6 Attachment, Judgment, Tax Liens.** The issuance, filing or levy or seizure against Borrower of one or more attachments, executions, tax liens or judgments for the payment of money cumulatively in excess of \$500,000.00, that is not discharged in full or stayed within forty-five (45) days after issuance or filing, or the issuance by a court of competent jurisdiction of an injunction or similar restraint that is reasonably likely to cause a Material Adverse Effect.

**SECTION 8  
REMEDIES**

**8.1 Remedies Upon Default.** Upon the occurrence and during the continuance of an Event of Default, Lender may take any one or more of the following actions, all without notice to Borrower:

(a) **Acceleration.** Without demand or notice of any nature whatsoever, declare the unpaid balance of the Indebtedness under the Loan Documents, or any part thereof, immediately due and payable, whereupon the same shall be due and payable.

(b) **Judgment.** Reduce Lender's claim to judgment, foreclose or otherwise enforce Lender's security interest in all or any part of the Collateral by any available judicial or other procedures under law. Lender's right to sue and recover a judgment either before, after or during the pendency of any proceeding for the enforcement of any Lien in favor of Lender and the right of Lender to recover such judgment shall to the fullest extent permitted by law not be affected by any taxing, possession or foreclosure sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the terms of any Lien in favor of Lender.

(c) **Receiver.** Apply by appropriate judicial proceedings for appointment of a receiver for the Collateral, or any part thereof, and Borrower hereby consents to any such appointment.

(d) **Disposition of Shares.** Without limiting the foregoing:

(i) Lender shall have the right to sell or otherwise dispose of all or any portion of the Collateral in accordance with the applicable provisions of the Code. Such sales may be adjourned and continued from time to time, with or without notice. To enable the Lender to effect any such sale, assignment and/or transfer and to take any action and to execute any instrument that the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, the Borrower hereby makes, constitutes and appoints the Lender as the true and lawful attorney, in its name, place and stead, and for its account and risk, to make, execute and deliver any and all assignments or other instruments that the Lender may deem necessary or proper to effectuate the authority hereby conferred by signing the Borrower's name only or by signing the same as its attorney-in-fact, as may be deemed by the Lender to be necessary or proper in connection with any sale, assignment or transfer of all or any part of the Collateral. The foregoing power of attorney is coupled with an interest and shall be a continuing one and irrevocable so long as any portion of the Obligations remains unpaid in whole or in part.

(ii) Lender may purchase all or any part of the Collateral at public sale or, if permitted by law, private sale, subject to appropriate Code rules, and in lieu of actual payment of such purchase price, may set off the amount of such price against the Obligations. If any deficiency shall arise, the Borrower shall remain liable to the Lender therefor.

(iii) The proceeds of any such disposition or other action by the Lender shall be applied as follows:

(1) first, to the costs and expenses incurred in connection therewith or incidental thereto or to the care or safekeeping of any of the Collateral or in any way relating to the rights of the Lender hereunder, including reasonable attorneys' fees and legal expenses;

(2) second, to the payment of the Loan and the satisfaction of the other Obligations;

(3) third, to the payment of any other amounts required by Applicable Law; and

(4) fourth, to the Borrower to the extent of any surplus proceeds.

(iv) Borrower acknowledges that any exercise by the Lender of the Lender's rights upon an Event of Default will be subject to compliance by the Lender with all Applicable Laws including, without limitation, any laws that may restrict the sale or disposition of the Collateral. The Lender in its sole discretion in any such sale or in connection with any



such disposition may restrict the prospective bidders or purchasers as to their number, as required by Applicable Law, or investment intention, including, without limitation, a requirement that the Persons making such purchases represent and agree, to the satisfaction of the Lender, that they are purchasing the shares of FMO Stock, or some portion thereof, for their own account, for investment and not with the intent of the disposition or sale thereof, or that they otherwise fall within some lawful exemption of registration of applicable securities laws. The Borrower further acknowledges that because the shares of FMO Stock may not be freely tradable, the value realized therefrom by the Borrower may be substantially less than if they were.

(e) **Share Owner Rights.** Immediately and without further notice, the Lender or its nominee shall have, with respect to all shares of FMO Stock owned beneficially or of record by Borrower, all corporate rights, privileges, options or other rights pertaining thereto as if it were the absolute owner thereof, including, without limitation, the right to vote such shares of FMO Stock at any annual or special meeting of the stockholders of FMO and to give consents, waivers and ratifications with respect thereto, to sell, redeem or exchange any or all of such shares of FMO Stock upon the merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof, or upon the exercise by such issuer of any right, pledge, or option pertaining to any of such Shares, and, in connection therewith, to deliver any of such shares of FMO Stock to any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it. The Lender shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing.

(f) **Exercise of Other Rights.** Exercise any and all other rights or remedies (i) afforded by this Agreement, (ii) as a secured party under the Code, (iii) under any Applicable Laws, or (iv) afforded by the other Loan Documents as Lender shall deem appropriate, at law, in equity, or otherwise, including the right to bring suit or other proceeding, either for specific performance of any covenant or condition contained in the Loan Documents or in aid of the exercise of any right or remedy granted to Lender in the Loan Documents.

**8.2 Application of Collateral; Termination of Agreements.** Upon the occurrence and during the continuance of an Event of Default, Lender may offset and apply against the Indebtedness under the Loan Documents any and all Collateral in its possession, any and all balances, credits, deposits, accounts, reserves, Indebtedness or other moneys due or owing to Borrower held by Lender hereunder or under any other financing agreement or otherwise, whether accrued or not.

**8.3 Waivers.** No waiver by Lender of any Event of Default shall be deemed to be a waiver of any other or subsequent Event of Default. No delay or omission by Lender in exercising any right or remedy under the Loan Documents shall impair such right or remedy or be construed as a waiver thereof or an acquiescence therein, nor shall any single or partial exercise of any such right or remedy preclude other or further exercise thereof, or the exercise of any other right or remedy under the Loan Documents or otherwise. Borrower waives presentment and demand for payment, protest, and notice of protest, notice of intention to

accelerate, acceleration and nonpayment, and agrees that its liability shall not be affected by any renewal or extension in the time of payment of the Loan, regardless of the number of such renewals or extensions.

**8.4 Cumulative Rights.** All rights and remedies available to Lender under the Loan Documents shall be cumulative and in addition to all other rights and remedies granted to Lender at law or in equity, whether or not the Indebtedness under the Loan Documents is due and payable and whether or not Lender shall have instituted any suit for collection or other action in connection with the Loan Documents.

## **SECTION 9 CERTAIN RIGHTS OF LENDER**

**9.1 Protection of Collateral.** The Lender may, at any time and from time to time, take such actions as it deems necessary or appropriate to protect Lender's lien and security interest in the Collateral or to preserve the Collateral, and to establish, maintain and protect the enforceability of Lender's rights with respect thereto, all at the expense of Borrower. Borrower agrees to cooperate fully with all of the Lender's efforts to preserve the Collateral and Lender's lien and security interest therein.

**9.2 Lender Successors and Assigns.** The provisions of this Agreement shall be binding upon and inure to the benefit of the Lender and its successors and assigns.

**9.3 Fees and Expenses.** Borrower agrees to promptly pay all reasonable Loan Costs of Lender incurred following an Event of Default.

**9.4 No Liability of Lender.** Neither the acceptance of this Agreement by Lender, nor the exercise of any rights hereunder by Lender, shall be construed in any way as an assumption by Lender of any Obligations, responsibilities or duties of Borrower arising in connection with any other business of Borrower or otherwise bind Lender to the performance of any Obligations with respect to the Collateral; it being expressly understood that Lender shall not be obligated to perform, observe or discharge any obligation, responsibility, duty, or liability of Borrower, including, but not limited to, appearing in or defending any action, expending any money or incurring any expense in connection therewith. Without limitation of the foregoing, neither this Agreement nor any action or actions on the part of Lender taken hereunder shall constitute an assumption by Lender of any Obligations of Borrower with respect to the Collateral or any documents or instruments executed in connection therewith, and Borrower shall continue to be liable for all of the Obligations thereunder or with respect thereto.

**9.5 Expenditures by Lender.** Any reasonable sums expended by or on behalf of Lender pursuant to Section 9.3 shall become part of the Indebtedness under the Loan Documents and shall bear interest at the Interest Rate, from the date of such expenditure until the date repaid.

**9.6 Diminution in Value of Collateral.** Lender shall not have any liability or responsibility whatsoever for any diminution or loss in value of the Collateral, specifically including that which may arise from Lender's negligence or inadvertence, whether such negligence or inadvertence is the sole or concurring cause of any damage.

**9.7 Federal Reserve System/Wire Transfers.** The obligation of Lender to make any wire transfer of funds to Borrower or any Person and the obligation of Borrower to make any wire transfer of funds to Lender or any Person shall be subject to all Applicable Laws, including policies of the Board of Governors of the Federal Reserve System on Reduction of Payments System Risk as in effect from time to time. Borrower acknowledges that such laws, regulations and policy may delay transmission of funds to or on behalf of Borrower and Lender acknowledges that such policies may delay transmission of funds to or on behalf of Lender.

## **SECTION 10 TERM OF AGREEMENT**

This Agreement shall continue in full force and effect and the Lien and the security interest granted hereby and the duties, covenants and liabilities of Borrower hereunder and all the terms, conditions and provisions hereof relating thereto shall continue to be fully operative until all of the Obligations have been satisfied in full. Borrower shall have the right at any time, at its election, by written notice to Lender in accordance with **Section 2.4(c)** to terminate the Loan by repaying the principal amount of the Loan then outstanding, the interest that has accrued on such principal amount prior to the date of payment and all Loan Costs due hereunder. Upon the giving of such notice and such payments (a) this Agreement and the Loan Documents shall be terminated except to the extent of those provisions that specifically survive such termination, and (b) the Lien securing the obligations set forth in this Agreement shall automatically terminate and be released, and Lender shall, if requested, execute and deliver any documents to effectuate such release. Borrower expressly agrees that if Borrower makes a payment to the Lender, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise required to be repaid to a trustee, receiver or any other party under any Debtor Relief Laws, state or federal law, common law or equitable cause, then to the extent of such repayment, the Obligations or any part thereof intended to be satisfied and the Liens provided for hereunder securing the same shall be revived and continued in full force and effect as if said payment had not been made.

## **SECTION 11 MISCELLANEOUS**

**11.1 Notice.** Any notice or other communication required or permitted to be given shall be in writing addressed to the respective party as set forth in **Schedule 1** and may be personally served, telecopied or sent by overnight courier, next business day delivery guaranteed, or by U.S. Certified or Registered Mail, Return Receipt Requested, and shall be deemed given: (a) if served in person, when served; (b) if telecopied, on the date of transmission if before 3:00 p.m. (eastern time) on a Business Day, otherwise on the next Business Day; provided that a hard copy of such notice is also sent pursuant to (c) or (d) below and provided further that the transmission is shown as complete by electronic verification; (c) if by overnight courier, next Business Day delivery guaranteed, on the next Business Day on which delivery is guaranteed after delivery to the courier; or (d) if by U.S. Mail, certified or registered mail, return receipt requested on the fourth (4th) day after deposit in the mail, postage prepaid, in a manner that permits the U.S. Postal Service to track the communication.

**11.2 Survival.** All representations, warranties, covenants and agreements made by Borrower herein, in the other Loan Documents or in any other agreement, document, instrument or certificate delivered by or on behalf of Borrower under or pursuant to the Loan Documents shall be considered to have been relied upon by Lender and shall survive the delivery to Lender of such Loan Documents and the extension of the Loan (and each part thereof), regardless of any investigation made by or on behalf of Lender.

**11.3 Governing Law and Consent to Jurisdiction.** THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT AS MAY BE EXPRESSLY PROVIDED THEREIN TO THE CONTRARY) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CHOICE OF LAWS PRINCIPLES. BORROWER CONSENTS TO PERSONAL JURISDICTION BEFORE THE SUPREME COURT OF THE STATE OF NEW YORK LOCATED IN NEW YORK COUNTY, NEW YORK, AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. BORROWER WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO VENUE IN NEW YORK COUNTY, NEW YORK OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OBLIGATIONS CREATED HEREUNDER OR ANY OF THE LOAN DOCUMENTS AND FURTHER WAIVES ANY CLAIM THAT NEW YORK COUNTY, NEW YORK IS NOT A CONVENIENT FORUM FOR ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS ON BORROWER IN ANY ACTION ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS SHALL BE EFFECTIVE IF MAILED TO BORROWER AT THE ADDRESS LISTED FOR BORROWER IN **SCHEDULE 1**.

**11.4 Invalid Provisions.** If any provision of this Agreement or any of the other Loan Documents is held to be illegal, invalid or unenforceable under present or future laws effective during the term thereof, such provision shall be fully severable, this Agreement and the other Loan Documents shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof or thereof, and the remaining provisions hereof or thereof shall remain in full force and effect.

**11.5 Counterparts; Effectiveness.** This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were on the same instrument. This Agreement shall become effective upon the Lender's receipt of one or more counterparts hereof signed by Borrower and Lender. The parties agree that any copy of this Agreement or any Loan Documents signed by the parties who are signatories, and transmitted by telecopier or otherwise for delivery to the Lender, shall be admissible in evidence as the original itself in any judicial, bankruptcy or administrative proceeding, whether or not the original is in existence.

**11.6 Lender Not Fiduciary.** The relationship between Borrower and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with Borrower, and no term or provision of any of the Loan Documents shall be construed so as to deem the relationship between Borrower and Lender to be other than that of debtor and creditor.

**11.7 Entire Agreement.** This Agreement, including the Exhibits, Schedules, and addenda, and the other Loan Documents and agreements referred to herein embody the entire agreement between the parties hereto with respect to the Loan, supersedes all prior agreements and understandings between the parties whether written or oral relating to the Loan provided for hereunder, and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no oral agreements between Lender and Borrower. This Agreement may be modified or changed only in a writing executed by Lender and Borrower.

**11.8 Assignment.** Upon an assignment of the Note by Borrower, this Agreement may be assigned or transferred to the Assignee of the Note by Lender without the consent of Borrower. Borrower may not assign its obligations under this Agreement without the consent of Lender, which consent may be granted or withheld in Lender's sole discretion. Notwithstanding the second sentence of this Section 11.8, Borrower, without the consent of Lender, may assign its obligations under this Agreement to any affiliate of Borrower (a "Permitted Assignee") that (i) assumes all of the obligations of Borrower hereunder and under the Note and (ii) has available assets and capital such that the assignee affiliate is as or more creditworthy than Borrower. If Borrower assigns its obligations to any Permitted Assignee, Borrower shall remain liable for, and guaranty the performance of, all obligations hereunder assigned to such Permitted Assignee.

**11.9 Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only. Section headings are not a part of this Agreement and shall not be used in the interpretation of this Agreement.

**11.10 Accounting Principles.** Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be determined or made in accordance with GAAP consistently applied at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement, in which event the provisions of this Agreement and not GAAP shall apply.

**11.11 Time.** Time is of the essence as to all Obligations of Borrower pursuant to this Agreement.

**11.12 Incorporation.** This Agreement, together with all Exhibits and Schedules hereto, constitute one document and agreement. Such Exhibits and Schedules are incorporated herein as if fully set out in this Agreement.

**11.13 Jury Trial Waiver.** BORROWER AND LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS. BORROWER AND LENDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. BORROWER AND LENDER WARRANT AND REPRESENT THAT EACH HAS HAD THE OPPORTUNITY OF

REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

*{Signature Page Follows}*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or have caused the same to be executed by their duly authorized representatives, and delivered, as of the date set forth above.

BORROWER:

[TRUST]

By: \_\_\_\_\_

Name:

Title:

LENDER:

THORNWOOD ASSOCIATES LIMITED  
PARTNERSHIP, a Delaware limited  
partnership

By: Barberry Corp., its general partner

By: \_\_\_\_\_

Name: Edward E. Mattner

Title: Authorized Signatory

Schedule 1

Notices

Lender:

Thornwood Associates Limited Partnership  
White Plains Plaza  
445 Hamilton Avenue – Suite 1210  
White Plains, NY 10601  
Telephone: (212) 702-4300  
Facsimile: (212) 750-5815  
Attention: Edward E. Mattner

With a copy to:

Icahn Associates Corp.  
767 Fifth Avenue, 47<sup>th</sup> Floor  
New York, NY 10153  
Telephone: (212) 702-4388  
Facsimile: (212) 688-1158  
Attention: Marc Weitzen, Esq.

Borrower:

[TRUST]

With a copy to:

Caplin & Drysdale  
399 Park Avenue  
New York, NY 10022  
Telephone: (212) 319-7125  
Facsimile: (212) 644-6755  
Attention: Elihu Inselbuch, Esq.



**EXHIBIT A**

**FEDERAL-MOGUL CORPORATION**  
**IRREVOCABLE PROXY**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint Thornwood Associates Limited Partnership and Edward E. Mattner, or any one of them, with full power of substitution, as the undersigned's attorney-in-fact and proxy and in the undersigned's name, place and stead, to vote at any regular, annual, or special meeting of the stockholders of Federal-Mogul Corporation, a Delaware corporation (the "Company"), held during the term of that certain Loan, Security and Pledge Agreement (the "Agreement") dated as of [DATE], between the undersigned and Lender and certain other parties, that number of shares of common stock of the Company as set forth opposite the undersigned's name below, with all the powers the undersigned would possess if personally present at such meeting.

This Proxy shall be effective only upon the occurrence of an Event of Default (as defined in the Agreement).

The undersigned hereby states and acknowledges that this Proxy is coupled with an interest, and was granted for the consideration stated in the Agreement and cannot be lawfully revoked or limited in any respect whatsoever (including the death, bankruptcy or adjudication of incompetency or insanity of either of the undersigned), except as provided in the Agreement. This Proxy shall be binding upon any transferee or assignee of any stock of the Company standing in the name of the undersigned at any time prior to the expiration date of this Proxy and the sale, assignment, pledge, transfer or other disposition of such stock standing in the name of the undersigned shall not revoke or in any way limit the authority herein granted to said attorney and proxy, except as otherwise expressly provided in the Agreement.

The undersigned hereby revokes all proxies heretofore granted by it with respect to any and all FMO Stock (as defined in the Agreement) owned by it.

The undersigned hereby ratifies and confirms all that said attorney and proxies or their substitute or substitutes may lawfully do or cause to be done by virtue hereof and in accordance with the provisions of the Agreement.

By accepting and acting under this Proxy, the said proxies agree to be bound by and to perform all the provisions of the Agreement with respect to the performance of their functions and duties as proxies hereunder.

Dated: \_\_\_\_\_, 2006

No. of Shares: [INSERT]

BORROWER:

[TRUST]

By: \_\_\_\_\_

Name:

Title: