



August 24, 2012

City of San Diego
Attention: Real Estate Assets Department—Real Estate Assets Director
1200 Third Avenue
Suite 1700 MS 51A
San Diego, CA 92101

Re: **NOTICE OF PENDING GRANT OF SECURITY INTEREST** in the rights and interests of ExteNet Systems (California) LLC ("ExteNet") in, to and under certain those certain agreements listed in Schedule I attached hereto (the "Agreements")

On or about August 27, 2012, ExteNet intends to enter into a Credit & Guaranty Agreement (the "CGA") with Barclays Private Credit Partners LLC and several other lenders ("Lenders") in order to effect a secured credit facility. Pursuant to the terms and conditions of the CGA, ExteNet will be required to grant to Barclays Bank PLC, as collateral agent for the benefit of Lenders, a security interest in all of ExteNet's stock and assets including the Agreements. The granting of this security interest may require ExteNet to obtain your consent pursuant to the Agreements.

Accordingly, ExteNet respectfully requests your consent to the granting of the security interest as described above and anticipates that your consent will not be unreasonably withheld, conditioned or delayed. The Agreement will remain in effect in accordance with its existing terms and the day-to-day operations and contacts at ExteNet will remain the same unless you are otherwise notified. Please be advised that ExteNet may contact you in the future with a separate request for a formal collateral assignment or collateral access agreement to perfect the granting of the security interest.

Please indicate your consent to ExteNet's granting of a security interest in the Agreements by signing the following page and returning an original copy to Linda Ruan at the following address:

ExteNet Systems, Inc.
3030 Warrenville Rd.
Suite 340
Lisle, IL 60532

*Original mailed
on 9/13/12*

Linda's contact information is (p) 630-505-3812 or lruan@extenetsystems.com. ExteNet anticipates hearing from you on or before August 31, 2012 or we will consider your consent granted.

If you have any questions regarding this letter or any other issues with the Agreement, please contact me at 630-505-3811 or bkirk@extenetsystems.com.

Respectfully,

Brian S. Kirk
Assistant General Counsel

SCHEDULE I**CONSENT TO GRANTING OF SECURITY INTEREST**

City of San Diego hereby consents to ExteNet's granting of the security interest in the Agreements listed below to Barclays Bank PLC as collateral agent for the Lenders, and represents that the undersigned is authorized to bind City of San Diego.

1. Attachment Agreement and Right-of-Way Telecommunications Agreement between ExteNet Systems (California) LLC and City of San Diego dated 8/22/2007 as amended heretofore and hereafter by the Parties thereto

City of San Diego

By: David A. Sandoval

Name: David A. Sandoval, CCIM
Deputy Director, Real Estate Assets

Title: _____

Date: 9/13/12

Young, Carol (Real Estate Assets)

From: Brian Kirk [bkirk@extenetsystems.com]
Sent: Tuesday, September 11, 2012 12:43 PM
To: Young, Carol (Real Estate Assets)
Cc: Linda Ruan; Brian Kirk
Subject: RE: City of San Diego Agreement

Hi Carol. I was forwarded your email below from Linda. Thanks for the correction regarding your September 6th letter. As of now, we have not received the letter, but we will be sure to disregard it when it arrives.

Further, thanks for your inquiry regarding ExteNet's recent request for consent to the granting of security interest. As mentioned in the letter, we have entered into a credit facility with Barclay's bank. In exchange for the loan, Barclay's has required that ExteNet pledge all of its stock, assets and agreements as collateral so that in unlikely the event that ExteNet defaults on the loan, Barclay's can step into ExteNet's shoes and continue running ExteNet's business and/or sell ExteNet's business in order to recover the loan amount. This is not dissimilar from getting a home mortgage, but the difference here is that the collateral is much more valuable intact (i.e. as an operating network) as opposed to being sold in individual pieces. In other words, the value of all the pieces of equipment on the poles is minimal compared to the operating network which brings in monthly revenues.

Because the network is more valuable than the pieces, the bank asks for rights in the underlying agreements that set forth ExteNet's rights to install and operate the network, e.g. the agreement to access the ROW in San Diego, so that if ExteNet defaults, the networks can continue to run as they do today because all the underlying rights remain intact (i.e. with Barclays).

The request we sent is technically for you to approve a conditional assignment of the agreement to Barclay's (i.e. if ExteNet defaults, then the City agrees for the agreement to be assigned to Barclay's) at which time they will be bound by our obligations and receive our rights under the agreement. However, because ExteNet has pledged its stock as well, if ExteNet defaults on the loan, then Barclay's will have ownership and control of ExteNet and will effectively have the same rights as if you had consented to the conditional assignment (i.e. ExteNet will still be the party to the contract, but the owners of ExteNet will then be Barclay's). This approach is somewhat a belt and suspenders for Barclay's, but is nonetheless important. Whether you consent to the granting of a security interest, ExteNet (under new ownership) or Barclay's will still have the same obligations under the agreement that are in place today.

If ExteNet does not default on the loan (which is obviously our intent), then there is no impact whatsoever to you and the entire loan transaction would be invisible to the city.

Hopefully that satisfies your questions. If not, please let me know and I'm happy to discuss further.

Regards,
Brian

From: Young, Carol (Real Estate Assets) [<mailto:clyoung@sandiego.gov>]
Sent: Tuesday, September 11, 2012 12:25 PM
To: Linda Ruan
Cc: Susie O'Boyle; pringo@extenetsystems.com; Morero, Enza
Subject: City of San Diego Agreement

Dear Linda:

Please disregard the letter dated September 6, 2012, regarding past due fees owed to the City of San Diego ("City") for the use of six poles for the installation of ExteNet nodes. We have learned that the six nodes were installed on SDG&E poles, not City poles. The invoices included in the letter have been voided. We apologize for the error. Please let me know if any ExteNet node installations on City poles are contemplated in the near future in San Diego.

In addition, please let me know the purpose of the Consent to Granting of Security Interest that was sent to the City for signature.

Carol

Carol L. Young - Supervising Property Agent - Real Estate Assets
1200 Third Avenue, Suite 1700, San Diego, CA 92101
(619) 236-6081 - Fax (619) 236-6706 - clyoung@sanidiego.gov