FORM PTO-1594
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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

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To the Honorable Commissioner of Pa... ...tached original documents or copy thereof

1. Name of conveying party(ies):

Peter Eckstein
Chemical Bank

MLD
7-13-98

☒ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☐ Corporation-State
☐ Other

Additional name(s) of conveying party(ies) attached? ☐ Yes ☐ No

2. Name and address of receiving party(ies):

Name: The Chase Manhattan Bank

Internal Address:

Street Address: 270 Park Avenue

City: New York State: NY ZIP: 10017

☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☒ Corporation-State New York
☐ Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No
(Designations must be a separate document from Assignment)
Additional name(s) & address(es) attached? ☐ Yes ☐ No

3. Nature of conveyance:

☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☒ Other Assignment of Security Interest

Execution Date: February 8, 1996

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark registration No.(s)

1,464,722 1,722,140
1,923,822 1,636,999
1,468,445

Additional numbers attached? ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Joel W. Straka, Esq.

Internal Address: Cravath, Swaine & Moore

Street Address: 825 Eighth Avenue

City: New York State: NY ZIP: 10019

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41): $170

☒ Enclosed

☐ Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Monica Monroy
Name of Person Signing

Monica Monroy
Signature

June 30, 1998
Date

Total number of pages comprising cover sheet 55

RECEIVED
98 JUL 13 PM 4:00
ASSIGNMENT

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FC:482 100.00 OP

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MOVABLE HYPOTHEC

MOVABLE HYPOTHEC, dated as of February 8, 1996, made by Ritvik Holdings Inc., a Canadian corporation ("*Holdings*"), Ritvik Toys Inc., a Quebec corporation (the "*Revolving Borrower*"), RTI Funding Corporation, a Delaware corporation (the "*U.S. Term Borrower*"), 9029-8712 Quebec Inc., a Quebec corporation (the "*Canadian Term Borrower*"), and the Subsidiaries (such term and each other capitalized term used but not defined herein having the meaning assigned to it in the Credit Agreement referred to below) party hereto (collectively, the "*Grantors*"), in favor of CHEMICAL BANK, a New York banking corporation, as collateral agent (in such capacity, the "*Collateral Agent*") for the Secured Parties (as defined below). Reference is made to the Credit Agreement, dated as of February 8, 1996 (as the same may be amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among Holdings, the Revolving Borrower, the U.S. Term Borrower, the Canadian Term Borrower, the financial institutions party thereto (the "*Lenders*"), Chemical Bank, as administrative agent (in such capacity, the "*U.S. Administrative Agent*") for the U.S. Lenders and Collateral Agent, Chemical Bank of Canada, a Canadian chartered bank, as administrative agent (in such capacity, the "*Canadian Administrative Agent*") for the Canadian Lenders and issuing bank (in such capacity, the "*Issuing Bank*"), Societe Generale (Canada), as co-agent (in such capacity, the "*Co-Agent*"), and Canadian Imperial Bank of Commerce, as documentation agent (in such capacity, the "*Documentation Agent*") and, together with the Lenders, the U.S. Administrative Agent, the Canadian Administrative Agent, the Collateral Agent, Co-Agent and the Issuing Bank, the "*Secured Parties*").

The Lenders have agreed to extend credit to the Term Borrowers in the form of Term Loans and Acceptances and to the Revolving Borrower in the form of Revolving Loans and Acceptances, and the Issuing Bank has agreed to issue Letters of Credit for the account of the Revolving Borrower, in each case on the terms and subject to the conditions set forth in the Credit Agreement.

The obligation of the Lenders to extend credit and of the Issuing Bank to issue Letters of Credit under the Credit Agreement are conditioned upon, among other things, the execution and delivery by the Grantors of a movable hypothec in the form hereof to secure the due and punctual payment of, with respect to each Grantor, its obligations as an obligor or guarantor in respect of (a) the unpaid principal of and premium, if any, and interest (including interest accruing at the then applicable rate provided in the Credit Agreement after the applicable Maturity Date and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Revolving Borrower or any Term Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) on the Loans and Acceptances, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (b) each payment required to be

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made by the Revolving Borrower or any Term Borrower under the Credit Agreement, when and as due, including, in the case of the Revolving Borrower, payments in respect of reimbursements of L/C Disbursements, interest thereon and the obligations to provide cash collateral, and (c) all other obligations and liabilities of every nature of any Term Borrower, the Revolving Borrower, Holdings or any Subsidiary (each, a "*Credit Party*") from time to time owed to the Secured Parties or any of them, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred (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), which may arise under, out of or in connection with, the Credit Agreement, this Agreement or any other Loan Document and any obligation of the Revolving Borrower, any Term Borrower or Holdings to a Lender under any Interest Rate Protection Agreement or Exchange Rate Protection Agreement or under any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise, including all fees and disbursement of counsel to the Collateral Agent or to the Secured Parties that are required to be paid by any Credit Party pursuant to the terms of the Credit Agreement, this Agreement, any other Loan Document, any Interest Rate Protection Agreement or Exchange Rate Protection Agreement with a Lender (all the foregoing obligations, collectively, the "Obligations").

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

1.1. *Definitions*. The following terms shall have the following meanings:

"*Account Debtor*" shall mean any person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"*Accounts*" shall mean, with respect to each Grantor, any and all right, title and interest of such Grantor to payment for goods and services sold, leased or rendered, including any such right evidenced by Chattel Paper, whether due or to become due, whether or not it has been earned or performed, and whether now or hereafter acquired or arising in the future, including, without limitation, Accounts Receivable from Affiliates of such person.

"*Accounts Receivable*" shall mean, with respect to each Grantor, all right, title and interest of such Grantor to Accounts and all of its right, title and interest in any returned goods, together with all rights, titles, securities and guaranties with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary in each case whether due or become due, whether now or hereafter arising in the future.

"*Agreement*" shall mean this Movable Hypothec, as the same may be amended, modified or otherwise supplemented from time to time.

"*Chattel Paper*" shall mean a writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific goods.

"*Collateral*" shall have the meaning assigned to it in Section 2 of this Agreement.

"*Collateral Proceeds Account*" shall mean the cash collateral account established at the office of the Collateral Agent, in the name of the Collateral Agent, Account No. [ ].

"*Collection Deposit Account*" shall mean a lockbox account of a Grantor maintained for the benefit of the Secured Parties with the Collateral Agent or with a Sub-Agent pursuant to a Lockbox Agreement or a Depository Agreement.

"*Consumer Goods*" shall mean, with respect to each Grantor, all goods that are used or bought for use primarily for personal, family or household purposes of such Grantor.

"*Contracts*" shall mean, with respect to each Grantor, all rights of such Grantor under contracts and agreements to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of such Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of such Grantor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of such Grantor to exercise all remedies thereunder, in each case to the extent the grant by such Grantor of the security interest pursuant to this Agreement in its rights under such contract or agreement is not prohibited without the consent of any other person, or is permitted with consent if all necessary consents to such grant of a security interest have been obtained from all such other persons (it being understood that the foregoing shall not be deemed to obligate such Grantor to obtain such consents); *provided*, that the foregoing limitation shall not affect, limit, restrict or impair the grant by such Grantor of a security interest pursuant to this Agreement in any Account or any money or other amounts due or to become due under any such contract or agreement.

"*Copyright License*" shall mean, with respect to each Grantor, any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned by such Grantor or which such Grantor otherwise has the right to license, or granting any right to such Grantor under any Copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

"*Copyrights*" shall mean, with respect to each Grantor, all of the following now or hereafter owned by such Grantor: (i) all copyright rights in any work subject to the copyright laws of Canada or any other country, whether as author, assignee, transferee or otherwise, and (ii) all registrations and applications for registration of any such copyright in Canada or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the Canadian Copyright Office.

"*Depository Agreement*" shall mean a Depository Agreement substantially in the form of Annex 1-B hereto among the Revolving Borrower, the Collateral Agent and a Sub-Agent, with any changes, additions or modifications acceptable to the Collateral Agent.

"*Documents*" shall mean, with respect to each Grantor, all Instruments, files, records, ledger sheets, and documents covering or relating to any of the Accounts, Equipment, Intangibles, Inventory and Proceeds.

"*Equipment*" shall mean, with respect to each Grantor, all equipment, furniture and furnishings, tools, accessories, parts and supplies of every kind and description, wherever located, now

owned and hereafter acquired, and all improvements, accessions or appurtenances thereto, including Fixtures, and all other tangible movable property whether or not similar to any of the foregoing items which are now or hereafter acquired by such Grantor (it being understood that "Equipment" includes motor vehicles).

"*Fixtures*" shall mean, with respect to each Grantor, all items that would otherwise constitute items of Collateral, whether now owned or hereafter acquired, that become so related to particular real estate that an interest in them arises under any real estate law applicable thereto.

"*Indemnitee*" shall mean the Secured Parties and their respective officers, directors, affiliates and controlling persons.

"*Industrial Design License*" shall mean, with respect to each Grantor, any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any design on which an Industrial Design, now or hereunder owned by such Grantor or which such Grantor otherwise has the right to license, is in existence, or granting to such Grantor any right to make, use or sell any design on which an Industrial Design, now or hereunder owned by any third party, is in existence, and all rights of such Grantor under any such agreement.

"*Industrial Designs*" shall mean, with respect to each Grantor, all the following now or hereafter owned by such Grantor: (a) all industrial designs of Canada or any other country, including all registrations, records and pending applications in the Canadian Office for Industrial Designs or any similar offices in any other country, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the industrial designs disclosed or claimed therein, including the right to make, use and/or sell the industrial designs disclosed or claimed therein.

"*Instruments*" shall mean, with respect to each Grantor, all negotiable instruments or certificated securities or any other writing that evidences a right to the payment of money held by such Grantor which is not itself a movable hypothec or lease and is of a type that is in the ordinary course of business transferred by delivery with any necessary indorsement or assignment.

"*Intangibles*" shall mean, with respect to each Grantor, all intangible, or other similar property of such Grantor of any kind or nature now owned or hereafter acquired by such Grantor, including, without limitation, all rights under leases (including, without limitation, under that certain lease dated as of January 28, 1993 between Bensam Inc., as lessor, and the Revolving Borrower, as lessee, relating to property located at 5151 Thimens, St. Laurent, Province of Quebec and registered at the Montreal Land Registry Office under No. 4587198), goodwill, registrations, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to such Grantor to secure payment by an account debtor of any of the Accounts Receivable, *provided*, that in the case of any Intangibles arising under any contract or agreement, the grant by such Grantor of a security interest pursuant to this Agreement in its rights under such contract or agreement is not prohibited without the consent of any other person, or is permitted with consent if all necessary consents to such grant of a security interest have been obtained from all such persons (it being understood that the forgoing shall not be deemed to obligate such Grantor to obtain such consents), *provided further*, that the foregoing limitation shall not affect, limit, restrict or impair the grant by such Grantor of a security interest pursuant to this Agreement in any Account or any money or other amounts due or to become due under any such contract or agreement.

"*Intellectual Property*" shall mean, with respect to each Grantor, all of the following, whether now owned or hereafter acquired by such Grantor. (a) Patents, including all granted Patents, recordings and pending applications, including those listed on Schedule I attached hereto, (b) Trademarks, including all registered Trademarks, registrations, recordings, and pending applications, including those listed on Schedule II attached hereto, (c) Copyrights, including all registered Copyrights, registrations, recordings, supplemental registrations and pending applications, including those listed on Schedule III attached hereto, (d) Licenses, including those listed on Schedule IV hereto, and (e) Industrial Designs, including all registered Industrial Designs, registrations, recordings, supplemental registrations and pending applications, including those listed on Schedule V attached hereto.

"*Inventory*" shall mean, with respect to each Grantor, all right, title and interest of such Grantor in and to goods intended for sale or lease by such person, or consumed in such person's business (including, without limitation, all operating parts and supplies), together with all raw materials and finished goods, whether now owned or hereafter acquired or arising.

"*License*" shall mean, with respect to each Grantor, any Patent License, Trademark License, Copyright License, Industrial Design License or other license or sublicense as to which such Grantor is a party (other than those license agreements that by their terms prohibit assignment or a grant of a security interest by such Grantor as licensee thereunder).

"*Lockbox Agreement*" shall mean a Lockbox Agreement substantially in the form of Annex 1-A hereto among the Revolving Borrower, the Collateral Agent and a Sub-Agent, with any changes, additions or modifications acceptable to the Collateral Agent.

"*Patent License*" shall mean, with respect to each Grantor, 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 by such Grantor or which such Grantor otherwise has the right to license, is in existence, or granting to such 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 such Grantor under any such agreement.

"*Patents*" shall mean, with respect to each Grantor, all the following now or hereafter owned by such Grantor: (a) all letters patent of Canada or any other country, including patents, design patents or utility models, all registrations and recordings thereof, and all applications for letters patent of Canada or any other country, including registrations, recordings and pending applications in the Canadian Patent Office or any similar offices in any other country, and (b) 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.

"*Proceeds*" shall mean, with respect to each Grantor, any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral owned by such Grantor, any value received as a consequence of the possession of any such Collateral and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft or other involuntary conversion of whatever nature of any asset or property that constitutes Collateral, any claim of such Grantor against third parties 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 by such Grantor or licensed under a Patent License, (b) past, present or future infringement or dilution of any Trademark now or hereafter owned by such Grantor or licensed under a Trademark License or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by such Grantor, (c) past, present or future breach of any License, (d) past, present or future infringement of any Copyright now or hereafter owned by such Grantor or licensed under a Copyright License, and (e) any and all other amounts from time to time paid or payable under or in connection with any of such Collateral.

"*security interest*" shall mean, any security interest or hypothec herein created.

"*Sub-Agent*" shall mean a financial institution selected by the Revolving Borrower and reasonably acceptable to the Collateral Agent, which shall have delivered to the Collateral Agent an executed Lockbox Agreement or Depository Agreement, as applicable.

"*Trademark License*" shall mean, with respect to each Grantor, any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by such Grantor or that such Grantor otherwise has the right to license, or granting to such Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

"*Trademarks*" shall mean, with respect to each Grantor, all of the following now or hereafter owned by such Grantor: (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, prints and labels on which any of the foregoing have appeared or appear, and all 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, recordings and applications in the Canadian Trademark Office or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, and (b) all goodwill associated therewith or symbolized thereby, and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

"*U.S. Account Debtor*" shall mean any Account Debtor located in the United States of America.

"*U.S. Accounts*" shall mean, with respect to each Grantor, any Accounts owed to such Grantor by any U.S. Account Debtors.

"*U.S. Accounts Receivable*" shall mean, with respect to each Grantor, any Accounts Receivable owed to such Grantor by any U.S. Account Debtors.

"*U.S. Collateral*" shall mean, with respect to each Grantor, any Collateral located in the United States of America.

"*U.S. Inventory*" shall mean, with respect to each Grantor, any Inventory of such Grantor located in the United States of America.

1.2. *Other Definitional Provisions.* (a) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section references are to this Agreement unless otherwise specified. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(b) The meaning given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. *Grant of Security Interest.* As collateral security for the prompt and complete payment and performance when due, whether at the stated maturity, by acceleration, upon one or more dates set for prepayment or otherwise of the Obligations, each Grantor hereby grants a security interest and hypothecates by way of first ranking hypothec in favour of the Collateral Agent, for the ratable benefit of the Secured Parties, for an amount of Five hundred million Canadian Dollars (Cdn. $500,000,000) and interest thereon at a rate of twenty-five percent per annum (25%) and for an additional amount equal to ten percent (10%) of the above amount as an additional hypothec to secure the due payment of any interest not otherwise secured by the above hypothec and for all sums, costs and expenses that may become owing in connection with any realization hereunder, the undertaking of such Grantor and all its property, rights and assets of every nature and kind, whether movable or immovable, corporeal or incorporeal, or present or future and wherever located including all the following property now owned or at any time hereafter acquired by such Grantor, subject to Permitted Liens (as defined below) (collectively, with respect to each Grantor, the "Collateral"):

(a) all Accounts Receivables;

(b) all Contracts;

(c) all Documents;

(d) all Equipment;

(e) all Intangibles;

(f) all Intellectual Property;

(g) all Instruments;

(h) all Inventory;

(i) all Industrial Designs;

(j) all books and records pertaining to the Collateral; and

(k) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing.

Notwithstanding anything contained in this Agreement or any Loan Document to the contrary, any Collateral owned by any Term Borrower and hypothecated hereunder shall not be collateral security for

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the Obligations of Holdings, the Revolving Borrower or any Subsidiary. In addition, "Collateral" shall not include any property of the type specified in Sections 2(b), (c), (d) (to the extent such Equipment constitutes Fixtures), (e), (f), (g), (h) and (i) if the granting of a Lien by such Grantor hereunder would violate the terms of, or otherwise constitute a default under, any document or instrument to which any Loan Party is a party (other than those documents or instruments between or among the Loan Parties and/or their Affiliates only) relating to the ownership of, or pertaining to any rights or interests held, in such property, *provided* that the terms to be violated or default that would result in the event of the granting of the Lien hereunder are typical or customary in connection with the document or instrument to which they relate.

Such security interests are granted as security only and shall not subject any 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.

3. *Representations and Warranties*. Each Grantor hereby represents and warrants to the Collateral Agent, for the ratable benefit of the Secured Parties, that:

3.1. *Title; No Other Liens*. Except for the security interest granted to the Collateral Agent for the ratable benefit of the Secured Parties pursuant to this Agreement and the other Liens permitted to exist pursuant to the Credit Agreement (the "*Permitted Liens*"), each Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of such Collateral is on file or of record in any public office, except such as have been filed, pursuant to this Agreement, in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, or in respect of Permitted Liens.

3.2. *Authority*. Such Grantor has full power and authority to grant to the Collateral Agent the security interest in the Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval that has been obtained.

3.3. *Information Regarding Names*. Such Grantor has disclosed in writing to the Collateral Agent on Schedule VI any material trade names used to identify it in its business or in the ownership of its properties during the past five years.

3.4. *Enforceable Obligation; Perfected, First Priority Security Interests*. This Agreement constitutes a legal, valid and binding obligation of such Grantor, enforceable against such Grantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and the security interest granted pursuant to this Agreement (a) upon completion of the filings and other actions specified in Schedule VII attached hereto shall constitute perfected security interests in the Collateral in favor of the Collateral Agent for the ratable benefit of the Secured Parties, and (b) are prior to all other Liens (other than Permitted Liens) on the Collateral in existence on the date hereof.

3.5. *Inventory and Equipment*. The Inventory and the Equipment owned by such Grantor are kept at the locations listed in Schedule VIII hereto or at such other locations permitted hereunder which shall be updated from time to time in accordance with Section 4.4 of this Agreement,

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or at such other location as shall be permitted by Section 4.4, provided that in the case of any Equipment that in the ordinary course of such Grantor's business is moved to a motor vehicle, such Equipment may also be kept on or near such motor vehicle as is usual in the ordinary course of business.

3.6. *Accounts*. (a) As of the Closing Date, the place where such Grantor keeps its records concerning the Accounts is at the location listed in Schedule IX hereto.

(b) As of the Closing Date, the amounts owing with respect to Accounts of obligors that are Governmental Authorities do not constitute more than 15% of the average aggregate amount owing on the Accounts owing to the Revolving Borrower and any Subsidiaries, taken as a whole, during the most recently ended period of twelve consecutive calendar months.

3.7. *Validity of Patents, Trademarks, Copyrights and Industrial Designs*. Each of the Patents, Trademarks, Copyrights and Industrial Designs listed on Schedules I, II, III, IV or V is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, except as could not reasonably be expected to have a Material Adverse Effect.

3.8. *Intellectual Property Schedules*. As of the Closing Date, Schedules I, II, III, IV and V fully identify all Patents, Trademarks, Copyrights, Licenses and Industrial Design used in the conduct of such Grantor's business.

3.9. *Chief Executive Office*. As of the Closing Date, such Grantor's chief executive or head office and chief place of business is located at the location listed in Section 9.01 of the Credit Agreement or under its signature set forth below.

3.10. *Consumer Goods*. None of the Collateral constitutes, or is the Proceeds of, Consumer Goods.

4. *Covenants*. Each Grantor covenants and agrees with the Secured Parties that, from and after the date of this Agreement until this Agreement is terminated and the security interests created hereby are released:

4.1. *Delivery of Instruments and Chattel Paper*. If an Event of Default shall have occurred and be continuing and if any amount payable under or in connection with any of the Collateral owned by such Grantor shall be or become evidenced by any promissory note, other Instrument or Chattel Paper, upon the request of the Collateral Agent, such promissory note, Instrument or Chattel Paper shall be immediately delivered to the Collateral Agent, duly indorsed in a manner reasonably satisfactory to the Collateral Agent, to be held as Collateral pursuant to this Agreement.

4.2. *Maintenance of Insurance*. Such Grantor shall maintain insurance policies in accordance with the requirements of Section 5.02 of the Credit Agreement.

4.3. *Maintenance of Perfected Security Interest; Further Documentation*. (a) Each Grantor shall cause all filings and other actions listed in Schedule VII to be taken. Each Grantor shall maintain the security interests created by this Agreement as first, perfected security interests subject only to Permitted Liens and shall defend such security interests against all claims and demands of all persons whomsoever (other than those pursuant to Permitted Liens).

(b) At any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of the applicable Grantor, such Grantor shall promptly and duly execute and deliver such further instruments and documents and take such further action as the Collateral Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted with respect to the security interests created hereby.

4.4. *Changes in Locations, Name, etc.* A Grantor shall not, except (x) upon prior written notice to the Collateral Agent and delivery to the Collateral Agent of a written supplement to Schedule VIII showing the additional location or locations at which Inventory or Equipment shall be kept, and (y) if filings have been made which maintain in favour of the Collateral Agent a valid, legal and perfected security interest in the Collateral subject to no liens, other than Permitted Liens,

(a) permit any of the Inventory or Equipment to be kept at a location other than those listed on Schedule VIII hereto or motor vehicles as described in Section 3.5, except for Inventory and Equipment in transit between locations described in this Section 4.4(a).

(b) change the location of its chief executive or head office and chief place of business from that specified in Section 3.8; or

(c) change its (i) corporate name or any trade name used to identify it in its conduct of business or in the ownership of its properties, (ii) identity or (iii) corporate structure to such an extent that any financing statement filed in favor of the Collateral Agent in connection with this Agreement would become misleading.

4.5. *Further Identification of Collateral.* Such Grantor shall furnish to the Collateral Agent from time to time statements and schedules, including schedules in the format of Schedules I, II, III, IV or V, further identifying and describing the Collateral in existence on the date thereof and not then listed on such schedules or previously so identified to the Collateral Agent.

4.6. *Notices.* Such Grantor shall advise the Collateral Agent promptly, in reasonable detail, at its address set forth in the Credit Agreement, of:

(a) any Lien (other than security interests created hereby or Permitted Liens) on any material portion of the Collateral; and

(b) the occurrence of any other event which could reasonably be expected to have a material adverse effect on the security interests created hereby or on the aggregate value of (i) such Collateral and (ii) all other Collateral (as such term is defined in the other Security Documents).

4.7. *Use and Disposition of Collateral.* A Grantor shall not (i) make or permit to be made an assignment, pledge or hypothecation of the Collateral, and shall grant no other security interest in such Collateral (other than pursuant hereto or except for any Permitted Liens) or (ii) make or permit to be made any transfer of such Collateral, and shall remain at all times in possession thereof except that (a) Inventory may be sold in the ordinary course of business and (b) unless and until the Collateral Agent shall notify the Grantors (which notice may be given by telephone if promptly confirmed in writing) that an Event of Default shall have occurred and be continuing and that during the continuance thereof the Grantors shall not sell, convey, lease, assign, transfer or otherwise dispose of any Collateral

(other than any transfer of Collateral by any Grantor in the ordinary course of business, consistent with past practice and otherwise permitted under the Credit Agreement and the other Loan Documents), the Grantors may use, sell or otherwise dispose of (including by way of merger or otherwise) the Collateral in any lawful manner not inconsistent with the provisions of this Agreement, the Credit Agreement or any other Loan Document. Without limiting the generality of the foregoing, each Grantor agrees that it shall not permit any Inventory to be in the possession or control of any warehouseman, bailee, agent or processor at any time unless such warehouseman, bailee, agent or processor shall have been notified of the security interest and each Grantor shall use its best efforts to obtain a written agreement in form and substance reasonably satisfactory to the Collateral Agent to hold the 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 Inventory, whether arising by operation of law or otherwise.

4.8. *Collateral Agent's Liabilities and Expense; Indemnification.* (a) Notwithstanding anything to the contrary provided herein, the Collateral Agent assumes no liability with respect to any claims regarding each Grantor's ownership (or purported ownership) of, or rights or obligations (or purported rights or obligations) arising from, the Collateral or any use (or actual or alleged misuse) whether arising out of any past, current or future event, circumstance, act or omission or otherwise, or any claim, suit, loss, damage, expense or liability of any kind or nature arising out of or in connection with the Collateral or the production, marketing, delivery, sale or provision of goods or services under or in connection with any of the Collateral. All of such liabilities shall, as between the Collateral Agent and the Grantors, be borne exclusively by the Grantors.

(b) Each Grantor hereby agrees to pay all expenses of the Collateral Agent and to indemnify the Collateral Agent with respect to any and all losses, claims, damages, liabilities, and related expenses in respect of this Agreement or the Collateral in each case to the extent the Term Borrowers or the Revolving Borrower is required to do so pursuant to Section 9.05 of the Credit Agreement.

(c) Any amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. Without prejudice to the survival of any other agreements contained herein, all indemnification and reimbursement obligations contained herein shall survive the payment in full of the principal and interest under the Credit Agreement, the expiration of the Letters of Credit and the termination of this Agreement.

4.9. *Accounts.* (a) The amount represented by such Grantor to the Secured Parties from time to time as owing by each account debtor or by all Account Debtors in respect of such Accounts shall at such time be in all material respects the correct amount actually owing by such account debtor or debtors thereunder.

(b) No Grantor shall, without the prior written consent of the Collateral Agent, grant any extension of the time of payment of any of the Accounts Receivable, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof, or allow any credit or discount whatsoever thereon (other than extensions, credits, discounts, compromises, compounds or settlements granted or made in the ordinary course of business).

4.10. *Intellectual Property Assignment Filings.* Promptly following the Closing Date, and in any event within 10 days thereof, any Grantor that shall have received an assignment of any

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Intellectual Property rights from Group shall make all appropriate filings with any Governmental Authority necessary to evidence such assignment.

4.11. *Covenants Regarding Patent, Trademark and Copyright Collateral.* (a) Such Grantor (either itself or through licensees) will, for each Patent, not do any act, or omit to do any act, whereby any Patent that is material to the conduct of the Grantors' businesses, taken as a whole, may become invalidated or dedicated to the public, and shall continue to mark, to the extent consistent with past practices and good business judgment, any products covered by a material Patent with the relevant patent number as necessary and sufficient to establish and preserve such Grantor's material rights under applicable patent laws.

(b) Such Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of the Grantors' businesses, taken as a whole, to the extent consistent with past practices and good business judgment, (i) maintain such Trademark in full force free from any material claim of abandonment or invalidity for nonuse, (ii) maintain the quality of products and services offered under such Trademark to the extent that the failure to do so would result in a Material Adverse Effect, (iii) display such Trademark with notice of federal or foreign registration to the extent necessary and sufficient to establish and preserve such Grantor's material rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any material third-party rights, except to the extent the same could not reasonably be expected to have a Material Adverse Effect.

(c) Such Grantor (either itself or through licensees) will, for each work covered by a material Copyright, to the extent consistent with past practices and good business judgment, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve such Grantor's material rights under applicable copyright laws.

(d) Such Grantor (either itself or through licenses) will, for each Industrial Design material to the conduct of such Grantor's business, maintain such Industrial Design in full force and free from any material claim of invalidity and shall continue to mark any products covered by a material Industrial Design with notice of federal or foreign registration to the extent necessary and sufficient to establish and preserve such Grantor's material rights under applicable law, in each case to the extent consistent with past practices and good business judgment.

(e) Such Grantor shall notify the Collateral Agent immediately if it knows that any Patent, Trademark, Copyright or Industrial Design material to the conduct of the Grantors' businesses, taken as a whole, 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 Canadian Patent Office, Canadian Trademark Office, Canadian Copyright Office, Canadian Office for Industrial Designs or any court or similar office of any country) regarding such Grantor's ownership of any such Patent, Trademark, Copyright or Industrial Design, its right to register the same, or to keep and maintain the same.

(f) In no event shall any Grantor, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark, Copyright or Industrial Design (or for the registration of any Trademark, Copyright or Industrial Design) with the Canadian Patent Office, Canadian Trademark Office, Canadian Copyright Office, Canadian Office for Industrial Designs or any

office or agency in any other country or any political subdivision thereof, unless it promptly informs the Collateral Agent, and, upon request of the Collateral Agent, executes and delivers any and all agreements, instruments, documents and papers as the Collateral Agent may reasonably request to evidence (and, in the case of applications for Trademarks with the Canadian Trademark Office, perfect) the Collateral Agent's security interest in such Patent, Trademark, Copyright or Industrial Design of such Grantor and the good will and Intangibles of such Grantor relating thereto or represented thereby, 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 until the Obligations are paid in full. Notwithstanding the foregoing and provided that no Event of Default shall have occurred and be continuing, any and all agreements, instruments, documents or papers received by the Collateral Agent relating to such applications shall be kept confidential by the Collateral Agent.

(g) Such Grantor will take all necessary steps that are consistent with the practice in any proceeding before the Canadian Patent Office, Canadian Trademark Office, Canadian Copyright Office or Canadian Office for Industrial Designs or any office or agency or in any other country or any political subdivision thereof, to maintain and pursue each material application (and to obtain the relevant grant or registration) relating to the Patents, Trademarks, Copyrights and/or Industrial Designs that are material to the Grantors' businesses, taken as a whole, to maintain each issued Patent and each registration of the Trademarks, Copyrights and Industrial Designs that is material to the conduct of the Grantors' businesses, taken as a whole, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties.

(h) In the event that any Collateral consisting of a Patent, Trademark, Copyright or Industrial Design material to the conduct of the Grantors' businesses, taken as a whole, is believed by the Grantor that has created the security interest in such Collateral pursuant hereto to have been infringed, misappropriated or diluted by a third party in any material respect, such Grantor shall notify the Collateral Agent promptly after it learns thereof 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 Collateral.

5. *Collections.*

5.1. *Lockbox System.* (a) As promptly as practicable and in any event within 60 days following the Closing Date, the Grantors shall establish, pursuant to the Lockbox Agreements and the Depository Agreements, for the ratable benefit of the Collateral Agent and the other Secured Parties, a system of lockboxes and related deposit accounts, including the Collection Deposit Accounts and the Collateral Proceeds Account (the "*Lockbox System*") into which the Proceeds of all U.S. Accounts Receivable and U.S. Inventory shall be deposited in accordance with this Section 5.

(b) All Proceeds of U.S. Inventory and U.S. Accounts Receivable that have been received on any Business Day through the Lockbox System will be transferred into the Collection Deposit Account on such Business Day to the extent required by the applicable Lockbox Agreement or Depository Agreement. All Proceeds (net of taxes and other obligations required to be paid out of such Proceeds in accordance with the terms of the agreements governing such obligations and the Credit Agreement and the other Loan Documents) stemming from the sale of a substantial portion of the U.S.

Collateral (other than Proceeds of U.S. Accounts) that have been received by a Grantor on any Business Day will be transferred into the Collection Deposit Account on such Business Day (or, if such Proceeds are received after normal business hours, on the following Business Day). All U.S. Proceeds received on any Business Day by the Collateral Agent pursuant to Section 5.2 will be transferred into the Collection Deposit Account on such Business Day.

(c) The Collateral Proceeds Account is, and shall remain, under the sole dominion and control of the Collateral Agent. Each Grantor acknowledges and agrees that (i) such Grantor has no right of withdrawal from the Collateral Proceeds Account, (ii) the funds on deposit in the Collateral Proceeds Account shall continue to be collateral security for all of the Obligations and (iii) upon the occurrence and during the continuance of an Event of Default, at the Collateral Agent's election, the funds on deposit in the Collateral Proceeds Account shall be applied as provided in Section 7.3. So long as no Event of Default has occurred and is continuing, any funds on deposit in the Collection Deposit Account shall be available to the Grantors for withdrawal in accordance with the Sub-Agent's customary procedures.

(d) Effective upon notice to the Grantors and the Sub-Agent from the Collateral Agent after the occurrence and during the continuance of an Event of Default (which notice may be given by telephone if promptly confirmed in writing), all amounts on deposit in the Collection Deposit Account shall immediately be transferred to the Collateral Proceeds Account for the benefit of Secured Parties. Each Grantor irrevocably authorizes the Collateral Agent to notify each Sub-Agent (i) of the occurrence of an Event of Default and (ii) of the matters referred to in this paragraph (d). Following the occurrence of an Event of Default, the Collateral Agent may instruct each Sub-Agent to transfer immediately all funds held in each deposit account to the Collateral Proceeds Account.

5.2. *Collections*. (a) Each Grantor agrees (i) to notify and direct promptly each U.S. Account Debtor and every other person obligated to make payments on U.S. Accounts Receivable or in respect of any U.S. Inventory to make all such payments directly to the Lockbox System established in accordance with Section 5.1 (or to wire transfer such payments directly to the Collection Deposit Account), (ii) to use all reasonable efforts to cause each U.S. Account Debtor and every other person identified in clause (i) above to make all payments with respect to U.S. Accounts Receivable and U.S. Inventory directly to such Lockbox System (or to wire transfer such payments directly to the Collection Deposit Account) and (iii) promptly to deposit all payments received by it on account of U.S. Accounts Receivable and U.S. Inventory, whether in the form of cash, checks, notes, drafts, bills of exchange, money orders or otherwise, in the Lockbox System in precisely the form in which received (but with any endorsements of the Grantors necessary for deposit or collection), and until they are so deposited such payments shall be held by such Grantor, as agent, for the benefit of the Collateral Agent.

(b) Without the prior written consent of the Collateral Agent, no Grantor shall, in a manner adverse to the Lenders, change the general instructions given to U.S. Account Debtors in respect of payment on U.S. Accounts to be deposited in the Lockbox System. Each Grantor shall be entitled to, and the Collateral Agent hereby authorizes each Grantor to, enforce and collect all amounts owing on the U.S. Inventory and U.S. Accounts Receivable, for the benefit and on behalf of the Collateral Agent and the other Secured Parties; *provided, however*, that such privilege may at the option of the Collateral Agent be terminated upon the occurrence and during the continuance of any Event of Default by notice to such Grantor (which notice may be given by telephone if promptly confirmed in writing).

6. *Provisions Relating to Contracts and Licenses.*

6.1. *Grantor Remains Liable Under Contracts and Licenses.* Anything herein to the contrary notwithstanding, each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each Contract or License, all in accordance with the terms and conditions thereof, to the extent consistent with good business practice. Without limiting the foregoing, the Collateral Agent shall not have any obligation or liability under any Contract or License by reason of or arising out of this Agreement or the granting or the assignment to the Collateral Agent of the security interest or the receipt by the Collateral Agent of any payment relating to such Contract or License pursuant hereto, nor shall the Collateral Agent be required or obligated in any manner to perform any of the obligations of a Grantor under or pursuant to any Contract or License, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Contract or License, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.2. *Communication With Contracting Parties.* Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent in its own name or in the name of others may communicate with parties to the Contracts to verify with them to the Collateral Agent's satisfaction the existence, amount and terms of any Contracts.

6.3. *Assignment of Licenses.* Upon and during the continuance of an Event of Default and at the reasonable request of the Collateral Agent, each Grantor shall use its reasonable efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all of the Grantors' rights, title and interest thereunder to the Collateral Agent or its designee.

7. *Remedies.*

7.1. *Notice to Account Debtors and Contract Parties.* Upon the request of the Collateral Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify parties to the Contracts that the Contracts have been charged and assigned to the Collateral Agent for the ratable benefit of the Secured Parties and that payments in respect thereof during the continuance of such an Event of Default shall be made directly to the Collateral Agent.

7.2. *Proceeds To Be Turned Over to Collateral Agent.* In addition to the rights of the Collateral Agent and the Secured Parties specified in Section 5.1 with respect to the Lockbox System, if an Event of Default shall occur and be continuing, all Proceeds received by a Grantor consisting of cash, cheques and other near-cash items shall upon the Collateral Agent's request be held by such Grantor, as agent, for the benefit of the Secured Parties, segregated from other funds of such Grantor, and shall, upon the Collateral Agent's request forthwith upon receipt by such Grantor, be turned over to the Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Collateral Agent, if required) and held by the Collateral Agent in the Collateral Proceeds Account. All Proceeds while held by the Collateral Agent in the Collateral Proceeds Account (or by such Grantor in trust for the Collateral Agent and the Secured Parties) shall, subject to Section 7.3, continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 7.3.

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7.3. *Application of Proceeds*. If an Event of Default shall have occurred and be continuing, and the Collateral Agent shall have requested a Grantor to take any action set forth in Section 7.2 or the Collateral Agent shall have taken any action pursuant to Section 5.1 or 7.4, the Collateral Agent shall apply the proceeds as follows:

First, to the payment of the reasonable costs and expenses of the Collateral Agent as set forth in Section 7.4;

Second, to the payment of all amounts of the Obligations owed to the Secured Parties in respect of Loans and Acceptances made by them and outstanding and amounts owing in respect of any L/C Disbursement, pro rata as among the Secured Parties in accordance with the amount of such Obligations owed to them;

Third, to the payment and discharge in full of the Obligations (other than those referred to above), pro rata as among the Secured Parties in accordance with the amount of such Obligations owed to them; and

Fourth, after payment in full of all Obligations, to the applicable Grantor, or its successors or assigns, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, any Collateral then remaining.

7.4. *Remedies*. (a) If an Event of Default shall have occurred and be continuing, the Collateral Agent, on behalf of the Secured Parties may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party provided for by law. Without limiting the generality of the foregoing, the Collateral Agent may, if an Event of Default shall have occurred and be continuing, take any one or more of the following actions (in each case subject to and as required by applicable law):

(i) enter into possession of the Collateral;

(ii) commence proceedings in any court of competent jurisdiction for sale or foreclosure or similar proceedings of all or any part of the Collateral;

(iii) file proofs of claim and any other documents to establish its claims in any proceeding relative to a Grantor;

(iv) take possession of, collect, receive, appropriate and realize upon the Collateral, and/or sell, lease, assign, license, give one or more options to purchase, or otherwise dispose of and deliver the Collateral (or contract to do any of the foregoing), in one or more parcels at public, private or judicial sale or sales, at any exchange, broker's board or office of the Collateral Agent or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent will have the right upon any such public or judicial sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the Collateral so sold, free of any right or equity of redemption in a Grantor, which right or equity is hereby waived and released to the extent permitted by applicable law. Each Grantor agrees, at the Collateral Agent's request, to assemble the

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Collateral and make it available to the Collateral Agent at places which the Collateral Agent will reasonably select, whether at such Grantor's premises or elsewhere;

(v) by an instrument in writing appoint a receiver (which term as used herein will include a receiver, manager or an agent) of the Collateral and may remove or replace such receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of such receiver;

(vi) commence proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;

(vii) transfer any securities forming part of the Collateral into the name of the Collateral Agent or its nominee, in their respective capacities as Collateral Agent or nominee of the Collateral Agent, with or without disclosing that such securities are subject to the Lien hereunder;

(viii) exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any securities forming part of the Collateral as if it were the absolute owner thereof, including the right to exchange at its discretion any and all securities upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof or upon the exercise by any issuer thereof or the Collateral Agent of any right, privilege or option pertaining to any of the securities, and in connection therewith, to deposit and deliver any and all securities with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as the Collateral Agent may determine, all without liability except to account for property actually received by the Collateral Agent;

(ix) with respect to Collateral consisting of Intellectual Property, on demand, cause the security interest to become an assignment, transfer and conveyance of any of or all such Collateral by the applicable Grantors to the Collateral Agent, or license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on terms and conditions and in such manner as the Collateral Agent shall reasonably determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained); and/or;

(x) exercise any other remedy or proceeding authorized or permitted hereby or by applicable law.

(b) The Collateral Agent may take any or all of the foregoing action without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by law or the Credit Agreement) to or upon a Grantor or any other person, and such Grantor hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law.

(c) The Collateral Agent may apply the net proceeds of any collection, recovery, receipt, appropriation, realization or sale of any Collateral, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Collateral Agent hereunder, including

reasonable legal fees and disbursements on a solicitor and his own client basis and the reasonable costs of any receiver, to the payment in whole or in part of the Obligations, in such order as set forth in Section 7.3, and only after such application and after the payment by the Collateral Agent of any other amount required by applicable law, need the Collateral Agent account for the surplus, if any, to such Grantor.

(d) To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Collateral Agent arising out of the exercise by the Collateral Agent or any receiver of any rights or remedies hereunder, except to the extent such claims, damages and demands are the result of the Collateral Agent's intentional or gross fault. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay and satisfy the Obligations.

(e) Each Grantor agrees that in connection with any offer or sale of any securities forming part of the Collateral, the Collateral Agent is authorized to comply with any limitation or restriction in connection with any such offer or sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law, including compliance with such procedures as may restrict the number of prospective bidders and purchasers, requiring that such prospective bidders and purchasers have certain qualifications, and restricting such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such securities. Each Grantor further agrees that such compliance will not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, and the Collateral Agent will not be liable or accountable to any Grantor for any discount allowed by reason of the fact that such securities are sold in compliance with any such limitation or restriction.

(f) The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this 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 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.

7.5. *Grant of License to Use Patent, Trademark and Copyright Collateral.* For the purpose of enabling the Collateral Agent to exercise rights and remedies under Section 7 hereof 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 sublicense any of the Collateral now owned or hereafter acquired by 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. The use of such license by the Collateral Agent shall be exercised, at the option of the Collateral Agent for any purpose appropriate in connection with the exercise of remedies hereunder, only upon the occurrence and during the continuance of an Event of Default, *provided* that any license, sublicense 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. The Collateral Agent agrees to apply the net proceeds received from any license as provided in Section 7.3 hereof.

7.6. *Powers of Receiver*. (a) Any receiver appointed by the Collateral Agent hereunder may be vested with the rights and powers of the Collateral Agent hereunder and, upon the occurrence and during the continuance of an Event of Default, will have power to take possession of and collect the Collateral and for that purpose, to take proceedings in the name of a Grantor or otherwise and to make any arrangement or compromise and to carry on, or concur in carrying on, all or any part of the business of such Grantor and to use, collect, sell, dispose of, realize upon, release to third parties and otherwise deal with the Collateral or any part thereof as to it seems best. The Collateral Agent may from time to time fix the remuneration of the receiver. Without limiting the generality of the foregoing, any receiver appointed by the Collateral Agent hereunder will have power, upon the occurrence and during the continuance of an Event of Default, to:

(i) from time to time and without any previous notice or demand and free of charge enter upon or into and occupy and use all or any of the premises, buildings, warehouse and undertaking of or occupied or used by such Grantor;

(ii) borrow or raise money on the security of the Collateral in priority to this Agreement or otherwise for such purposes as may be approved by the Collateral Agent; and

(iii) sell or otherwise dispose of or concur in selling or otherwise disposing of the Collateral without notice and in such manner as may seem advisable to the receiver, and to effect such sale or disposition by conveying in the name and on behalf of such Grantor or otherwise.

(b) The receiver may be vested with such other rights and powers of the Collateral Agent hereunder and such other discretions and powers reasonably related thereto as are granted in the instrument of appointment and any supplement thereto. The receiver will for all purposes be deemed to be the agent of such Grantor and not of the Collateral Agent, and such Grantor will be solely responsible for his acts or defaults (except in the case of the gross negligence or willful misconduct of the receiver) and for his remuneration.

8. *Collateral Agent's Appointment as Attorney-in-Fact; Collateral Agent's Performance of Grantors' Obligations*.

8.1. *Powers*. Each Grantor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, during the continuance of an Event of Default, as its true and lawful attorney-in-fact, with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, such Grantor hereby gives the Collateral Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do the following upon the occurrence and during the continuance of an Event of Default:

(a) in the name of such Grantor or its own name, or otherwise, to take possession of and indorse and collect any cheques, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, Intangible or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any

court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any Account, Instrument, Intangible or Contract or with respect to any other Collateral whenever payable;

(b) to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(c) to execute, in connection with any sale provided for in Section 7.4 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(d) (i) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct; (ii) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (iii) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (iv) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (vi) to settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, to give such discharges or releases as the Collateral Agent may deem appropriate; and (vii) generally, to use, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and at the expense of such Grantor, at any time, or from time to time, all acts and things that the Collateral Agent reasonably deems necessary to protect, preserve or realize upon such Collateral and the Collateral Agent's and the Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

8.2. *Performance by Collateral Agent of Grantor's Obligations*. If any Grantor fails to perform or comply with any of its agreements contained herein, the Collateral Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

8.3. *Grantor's Reimbursement Obligation*. The expenses of the Collateral Agent reasonably incurred in connection with actions undertaken as provided in this Section 8, together with interest thereon at a rate per annum equal to the default rate of interest set forth in Section 2.07 of the Credit Agreement, from the date payment is demanded by the Collateral Agent to the date reimbursed by such Grantor, shall be payable by such Grantor to the Collateral Agent on demand.

8.4. *Ratification; Power Coupled With An Interest*. Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

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9. *Duty of Collateral Agent*. The Collateral Agreement's sole duty with respect to the custody, safekeeping and physical preservation of any Collateral in its possession shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. No Secured Party nor any of its respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Grantor or any other person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Secured Parties hereunder are solely to protect the Collateral Agent and the Secured Parties' interests in the Collateral and shall not impose any duty upon the Collateral Agent or any Secured Party to exercise any such powers. The Collateral Agent and the Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own intentional or gross fault.

10. *Execution of Financing Statements*. Each Grantor authorizes the Collateral Agent to file financing statements and make all other similar or necessary filings and registrations with respect to the Collateral.

11. *Authority of Collateral Agent*. The rights and responsibilities of the Collateral Agent under this Agreement with respect to any action taken by the Collateral Agent or the exercise or non-exercise by the Collateral Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Collateral Agent and the other Secured Parties, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them but, as between the Collateral Agent and the Grantors, the Collateral Agent shall be conclusively presumed to be acting as agent for the other Secured Parties with full and valid authority so to act or refrain from acting.

12. *Notices*. All notices, requests and demands to or upon the Collateral Agent, the Secured Parties or the Grantors under this Agreement shall be given or made in accordance with Section 9.01 of the Credit Agreement.

13. *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.

14. *Survival of Agreement*. All covenants, agreements, representations and warranties made by any Grantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Secured Parties and shall survive the making by the Lenders of the Loans, the execution and delivery to the Lenders of the Loan Documents and the issuance of any Letters of Credit, regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or L/C Disbursement, or any Fee or any other amount payable under or in respect of this Agreement or any other Loan Document is outstanding and unpaid and so long as any Letter of Credit is outstanding and the Commitments have not been terminated.

TRADEMARK
REEL: 1791 FRAME: 0295

15. *Jurisdiction; Consent to Service of Process.* (a) Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any Quebec court and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, 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 Quebec 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 any Grantor, the Collateral Agent or any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents in the courts of any jurisdiction.

(b) Each Grantor, the Collateral Agent and each Secured Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of relating to this Agreement in any Quebec court. 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.

(c) Each party to this Agreement irrevocably consents, to the fullest extent it may legally and effectively do so, to service of process in the manner provided for notices in Section 12. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

16. *Release.* (a) This Agreement and the security interest created hereunder shall terminate when all Obligations have been fully and indefeasibly paid and when the Secured Parties have no further Commitments under the Credit Agreement and no Letters of Credit are outstanding, at which time the Collateral Agent shall execute and deliver to each Grantor, or to such person or persons as such Grantor shall reasonably designate, all discharges and similar documents prepared by each Grantor at its expense which such Grantor shall reasonably request to evidence such termination. Any execution and delivery of discharges pursuant to this Section 17(a) shall be without recourse to or warranty by the Collateral Agent.

(b) Should the Obligations of any Grantor be indefeasibly paid in full at any time or from time to time without the security interests hereby created being released and discharged by the Collateral Agent, the security interests herein created shall remain effective and secure the payment, execution and performance of any new Obligations, to the same extent and for the amounts herein expressed, as if the Obligations had never been repaid and any such Grantor is and will continue to be bound hereby; each Grantor agreeing that it shall be deemed to have obliged itself again in respect of any new Obligations pursuant to this agreement and the security interests herein created shall secure the payment, performance and execution of any and all such new Obligations.

(c) All Collateral used, sold, transferred or otherwise disposed of, in accordance with the terms of the Credit Agreement or this Agreement (including, in each case, pursuant to a waiver or amendment of the terms thereof) shall be used, sold, transferred or otherwise disposed of free and clear of the Lien and the security interest created hereunder. In connection with the foregoing, (i) the Collateral Agent shall execute and deliver to each Grantor, or to such person or persons as each Grantor shall reasonably designate, all discharges and similar documents prepared by each Grantor at

its expense which such Grantor shall reasonably request to evidence the release of the Lien and security interest created hereunder with respect to such Collateral and (ii) any representation, warranty or covenant contained herein relating to such Collateral shall no longer be deemed to be made with respect to such used, sold, transferred or otherwise disposed Collateral.

17. *Severability*. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereunder shall endeavor in good faith negotiations to replace the invalid provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

18. *Amendments in Writing; No Waiver; Cumulative Remedies*.

18.1. *Amendments in Writing*. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Grantors and the Collateral Agent, *provided* that any provision of this Agreement may be waived by the Required Lenders pursuant to a letter or agreement executed by the Collateral Agent or by telecopy transmission from the Collateral Agent.

18.2. *No Waiver by Course of Conduct*. Neither the Collateral Agent nor any Secured Party shall, by any act (except by a written instrument pursuant to Section 19.1 hereof) or delay be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Collateral Agent or any such Secured Party would otherwise have on any future occasion.

19. *Remedies Cumulative*. The rights and remedies herein provided are cumulative, may be exercised singly, concurrently or successively and are not exclusive of any other rights or remedies provided by law and all such rights and remedies shall be available independently as against each Grantor in respect of its Obligations to the same extent and as if each Grantor had executed this Agreement alone.

20. *Section Headings*. The section and Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

21. *Successors and Assigns*. This Agreement shall be binding upon the permitted successors and assigns of each Grantor and shall inure to the benefit of each Grantor and the Secured Parties and their permitted successors and assigns, *provided* that this Agreement may not be assigned by any Grantor without the prior written consent of the Collateral Agent.

TRADEMARK
REEL: 1791 FRAME: 0297

22. *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF QUEBEC, EXCEPT TO THE EXTENT THAT CANADIAN LAW MAY APPLY TO CANADIAN PATENTS, TRADEMARKS AND COPYRIGHTS AND THE LAWS OF ANY FOREIGN JURISDICTION MAY APPLY TO ITS PATENTS, TRADEMARKS AND COPYRIGHTS.

23. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract.

24. *Language.* The parties confirm their express wish that this Agreement and all documents related hereto be drafted in English.

Les parties confirment leur volonté expresse de voir le présent contrat et tous les documents dy rattachement rédigés en anglais.

25. *Additional Grantors.* Pursuant to Section 5.11 of the Credit Agreement, each Subsidiary that was not in existence or not a Subsidiary on the date thereof is required to enter into this Agreement as a Grantor upon becoming a Subsidiary. Upon execution and delivery, after the date hereof, by the Collateral Agent and such Subsidiary of an instrument in the form of Annex 2, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor hereunder. The execution and delivery of any such instrument shall not require the consent of any Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Movable Hypothec to be duly executed and delivered as the date first above written.

RITVIK HOLDINGS INC.,

by

Name: Marc Bertrand
Title: President & Chief Executive Officer

RITVIK TOYS INC.,

by

Name: Marc Bertrand
Title: President & Chief Executive Officer

RTI FUNDING CORPORATION,

by

Name: Andrew L. Stidd
Title: President

9029-8712 QUEBEC INC.,

by

Name:
Title:

RITVIK USA, INC.,

by

Name:
Title:

CHEMICAL BANK,
as Collateral Agent,

by

Name:
Title:

RTI FUNDING CORPORATION,

by

Name:
Title:

9029-8712 QUEBEC INC.,

by

Name: Neeraj Mital
Title: Vice President

RITVIK USA INC.,

by

Name: Marc Bertrand
Title: President & Secretary

CHEMICAL BANK,
as Collateral Agent,

by

Name: Peter Eckstein
Title: Vice President

RITVIK HOLDINGS INC.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 8 day of February, 1996, before me personally came Marc Bertrand, to me personally known and known to me to be the person described in and who executed the foregoing instrument as President and Chief Executive Officer of Ritvik Holdings Inc. who, being by me duly sworn, did depose and say that he is President and Chief Executive Officer of Ritvik Holdings Inc., one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that said instrument was signed and sealed on behalf of said corporation by order of its Board of Directors; that he signed his name thereto by like order; and that he acknowledged said instrument to be the free act and deed of said corporation.

Robert B. Zwillich

Name: Robert B. Zwillich
Title: Notary Public

[NOTARIAL SEAL]

ROBERT B. ZWILLICH
Notary Public, State of New York
No. 31-4630959
Qualified in New York County
Commission Expires October 31, 1996

[NYCORP::95776.1 02/12/96 11:37am]

RITVIK TOYS INC.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 8 day of February, 1996, before me personally came Marc Bertrand, to me personally known and known to me to be the person described in and who executed the foregoing instrument as President and Chief Executive Officer of Ritvik Toys Inc. who, being by me duly sworn, did depose and say that he is President and Chief Executive Officer of Ritvik Toys Inc., one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that said instrument was signed and sealed on behalf of said corporation by order of its Board of Directors; that he signed his name thereto by like order; and that he acknowledged said instrument to be the free act and deed of said corporation.

Robert B. Zwillich

Name: Robert B. Zwillich
Title: Notary Public

[NOTARIAL SEAL]

ROBERT B. ZWILLICH
Notary Public, State of New York
No. 31-4630959
Qualified in New York County
Commission Expires October 31, 1996

[NYCORP::95776.1 02/12/96 11:37am]

RITVIK USA, INC.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 8 day of February, 1996, before me personally came Marc Bertrand , to me personally known and known to me to be the person described in and who executed the foregoing instrument as President and Secretary of Ritvik USA Inc. who, being by me duly sworn, did depose and say that he is President and Secretary of Ritvik USA Inc., one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that said instrument was signed and sealed on behalf of said corporation by order of its Board of Directors; that he signed his name thereto by like order; and that he acknowledged said instrument to be the free act and deed of said corporation.

Robert B. Zwillich

Name: Robert B. Zwillich
Title: Notary Public

[NOTARIAL SEAL]

ROBERT B. ZWILLICH
Notary Public, State of New York
No. 31-4630959
Qualified in New York County
Commission Expires October 31, 1996

RTI FUNDING CORPORATION

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 8 day of February, 1996, before me personally came Andrew L. Stidd, to me personally known and known to me to be the person described in and who executed the foregoing instrument as President of RTI Funding Corporation who, being by me duly sworn, did depose and say that he is President of RTI Funding Corporation, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that said instrument was signed and sealed on behalf of said corporation by order of its Board of Directors; that he signed his name thereto by like order; and that he acknowledged said instrument to be the free act and deed of said corporation.

Robert B. Zwillich

Name: Robert B. Zwillich
Title: Notary Public

[NOTARIAL SEAL]

ROBERT B. ZWILLICH
Notary Public, State of New York
No. 31-4630959
Qualified in New York County
Commission Expires October 31, 1996

[NYCORP::95776.1 02/12/96 11:37am]

9029-8712 QUEBEC INC.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 8 day of February, 1996, before me personally came Neeraj Mital, to me personally known and known to me to be the person described in and who executed the foregoing instrument as Vice President of 9029-8712 Quebec Inc. who, being by me duly sworn, did depose and say that he is Vice President of 9029-8712 Quebec Inc., one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that said instrument was signed and sealed on behalf of said corporation by order of its Board of Directors; that he signed his name thereto by like order; and that he acknowledged said instrument to be the free act and deed of said corporation.

Robert B. Zwillich

Name: Robert B. Zwillich
Title: Notary Public

[NOTARIAL SEAL]

ROBERT B. ZWILLICH
Notary Public, State of New York
No. 31-4630959
Qualified in New York County
Commission Expires October 31, 1996

[NYCORP::95776.1 02/12/96 11:37am]

Schedules

Schedule I	-	Patents and Patent Applications
Schedule II	-	Trademarks, Trademark Registrations and Trademark Registration Applications
Schedule III	-	Copyright Registrations and Copyright Registration Applications
Schedule IV	-	Licenses
Schedule V	-	Industrial Designs
Schedule VI	-	Trade Names
Schedule VII	-	Filings and Other Actions Required to Register or Perfect Security Interests
Schedule VIII	-	Inventory and Equipment
Schedule IX	-	Records of Accounts

Patents and Patent Applications

Invention	Type of Protection	Country	Registration No.
Mega plus	patent	Australia	614,207
Fantasy playhouse	patent	Australia	
Mega plus	patent	Benelux	EP-B-375,544
Fantasy playhouse	patent	Benelux	
Mega plus	patent		1,317,457 (old Act case)
Toy hat packaging	patent	Canada	2,009,479
Trial pack	patent	Canada	2,088,465
Fantasy place	Patent	Canada	
Mini desk	patent	Canada	
Bucket	patent	Canada	
Mega plus	patent	France	EP-B-375,544
Toy packaging	patent	France	EP-B-471,072
Fantasy playhouse	patent	France	
Mega plus	patent	Germany	EP-B-375,544
Fantasy playhouse	patent	Germany	
Mega plus	patent	Great Britain	EP-375,544
Toy hat packaging	patent	Great Britain	EP-B-471,072
Fantasy playhouse	patent	Great Britain	
Bucket	patent	International	
Mega plus	patent	Italy	EP-B-375,544
Fantasy playhouse	patent	Italy	
Mega plus	patent	Japan	
Fantasy playhouse	patent	Japan	
Mega plus	patent	New Zealand	231,810
Fantasy playhouse	patent	New Zealand	
Mega plus	patent	Spain	EP-B-375,544
Toy hat packaging	patent	Spain	EP-B-471,072
Fantasy playhouse	patent	Spain	
Mega connector	patent	United States	4,740,189
Mega rotor	patent	United States	4,740,189
Mega angular	patent	United States	4,740,189

Invention	Type of Protection	Country	Registration No.
Trial pack	patent	United States	5,188,221
Fantasy place	patent	United States (suite)	5,435,769
Mini desk	patent	United States (suite)	
Bucket	patent	United States (suite)	
Mega bracket	patent	United States (suite)	4,826,464
Mega lever T-pin	patent	United States (suite)	4,826,464
Mega lever blok	patent	United States (suite)	4,826,464
Mega blokmobile	patent	United States (suite)	4,802,876
Mega plus	patent	United States (suite)	4,919,635
Toy hat packaging	patent	United States (suite)	5,035,324
Build 'n' sort	patent	United States (suite)	
Motorsport (Grandprix and Speedway)	patent	United States (suite)	

[Draft--February 10, 1996]

Schedule II
to Movable Hypothec

TRADEMARK PORTFOLIO OF

THE RITVIK GROUP INC.
LE GROUPE RITVIK INC.

January 31, 1996

R O B I C
Patent and trademark agents

LEGER ROBIC RICHARD
Barristers and Solicitors

55 St-Jacques
Montreal, Quebec, Canada
H2Y 3X2

Tel.: (514) 987-6242
Fax: (514) 845-7874

REGISTERED

Trademark	Country	Reg. No.
Learning Through Building	Canada	425,119
Maxi Mega Bloks	Canada	344,053
Mega Angulars	Canada	334,541
Mega Blokmobile	Canada	344,159
Mega Bloks	Canada	324,834
Mega Bloks "+" Plus	Canada	343,917
Mega Bloks & Design	Canada	326,593
Mega Bloks (& Design)	Canada	434,730
Mega Connectors	Canada	330,085
Mega Family	Canada	329,156
Mega Joiners	Canada	334,542
Mega Rotors	Canada	329,547
Mega Tech	Canada	325,841
Mega Wee Bloks	Canada	387,235
Mega Wheeled Bloks	Canada	332,730
Megarama	Canada	352,148
Micro Mega Bloks	Canada	344,054
Mini Mega Bloks	Canada	329,548
Ritvik	Canada	372,186
Ritvik (& Design)	Canada	424,423
Three Figures (Design Of)	Canada	434,726
Mega Bloks	Argentina	1,485,694
Mega Bloks	Australia	443,764
Mega Bloks	Benelux	421,698
Mega Bloks	Brazil	816,654,107
Mega Bloks (& Design)	Brazil	816,661,880
Ritvik	Brazil	816,654,093
Mega Bloks	Costa Rica	84,378
Mega Bloks	Ecuador	2,171 -'93
Mega Bloks	France	1,354,565
Ritvik	France	1,659,709
Mega Bloks	Germany	1,098,373
Mega Bloks & design	Hong Kong	804,608
Ritvik	Hong Kong	1,676
Mega Blocks	Italy	497,514
Mega Bloks	Japan	2,073,138
Mega Bloks & Design	Japan	3,079,058
Three Figures (Design Of)	Mexico	463,306
Mega Bloks	New Zealand	164,907
Mega Bloks	Panama	63,202
Mega Bloks	Paraguay	162,986

REGISTERED

Trademark	Country	Reg. No.
Mega Bloks	Peru	101,821
Mega Bloks	Spain	1,150,467
Mega Bloks	Switzerland	346,545
Mega Bloks	U.S.A.	1,464,722
Mega Bloks & Design	U.S.A.	1,923,822
Mega Bloks Design	U.S.A.	1,468,445
Mega Wee Bloks	U.S.A.	1,722,140
Ritvik	U.S.A.	1,636,999
Ritvik	United Kingdom	1,447,515
Mega Bloks	Uruguay	261,666

PENDING

Trademark	Country	Reg. No.
Mega Bloks	Bolivia	1,001
Mega Bloks	Columbia	363,684
Mega Bloks	Mexico	143,124
Mega Bloks (& Design)	Mexico	169,557
Ritvik	Mexico	169,556
Ritvik (& Design)	Mexico	169,558
Mega Bloks	Venezuela	12,904
Mega Bloks & design	Venezuela	12,903
Ritvik	Venezuela	12,902

SCHEDULE III
TO MOVABLE HYPOTHEC

COPYRIGHT REGISTRATIONS AND COPYRIGHT REGISTRATION APPLICATIONS

[None]

LICENSES

[None]

Industrial Designs

Invention	Type of Protection	Country	Registration No.
Mega rocket	design	Argentina	59,417
Mega connector	design	Australia	99,726
Mega rotor	design	Australia	96,649
Mega angular	design	Australia	99,727
Mega rocket	design	Australia	117,264
Mega connector	design	Benelux	1,484,804
Mega rotor	design	Benelux	1,484,803
Mega angular	design	Benelux	1,484,805
Mega rocket	design	Brazil	5201146
Mega connector	design	Canada	57,124
Mega rotor	design	Canada	57,125
Mega angular	design	Canada	57,126
Mega plus	design	Canada	64,423
Toy hat packaging	design	Canada	67,101
Mega rocket	design	Canada	71,937
Mega rocket (module)	design	Canada	71,938
Mega rocket (base)	design	Canada	71,939
Mega bonhomme	design	Canada	73,317
Fantasy place	design (bed)	Canada	73,296
Fantasy place	design (cupboard)	Canada	73,297
Legend (winged lion)	design	Canada	75,479
Fantasy shopping avenue	design	Canada	77,524
Motorsport (Grand prix and Speedway)	design	Canada	
Universal joint	design	Canada	
Roof-shaped block	design	Canada	
Zipper bag	design	Canada	
Mega wheeled blok	design	France	86-1929
Mega people	design	France	86-1929
Mega joiner	design	France	86-4561
Mega connector	design	France	86-1930

Invention	Type of Protection	Country	Registration No.
Mega rotor	design	France	86-1930
Mega angular	design	France	86-1930
Mega rocket	design	France	330276
Mega joiner	design	Germany	MR-26,361
Mega connector	design	Germany	MR-26,882
Mega rotor	design	Germany	MR-26,882
Mega angular	design	Germany	MR-26,882
Mega rocket	design	Germany	M 9208301-3
Mega connector	design	Great Britain	1,034,969
Mega rotor	design	Great Britain	1,032,681
Mega angular	design	Great Britain	1,034,990
Mega rocket	design	Great Britain	2,026,716
Mega connector	design	Italy	48,624
Mega rotor	design	Italy	48,622
Mega angular	design	Italy	48,623
Mega rocket	design	Italy	
Mega connector	design	Japan	727,901
Mega rotor	design	Japan	727,900
Mega angular	design	Japan	727,902
Mega rocket	design	Japan	925,243
Mega rocket	design	Mexico	6,391
Mega rocket	design	New Zealand	24,837
Mega wheeled blok	design	Spain	110,382
Mega people	design	Spain	110,382
Mega wheeled blok	utility model	Spain	293,612
Mega people	utility model	Spain	293,512
Mega connector	utility model	Spain	293,512
Mega rotor	utility model	Spain	293,512
Mega angular	utility model	Spain	293,512

Invention	Type of Protection	Country	Registration No.
Mega connector	design	Spain	110,381
Mega rotor	design	Spain	110,381
Mega angular	design	Spain	110,381
Mega rocket	design	Spain	
Mega wheeled blok	design	United States	D-294,373
Mega people	design	United States	D-291,585
Mega joiner	design	United States	D-297,954
Mega connector	design	United States	D-290,720
Mega rotor	design	United States	D-291,099
Mega angular	design	United States	D-290,629
Mega bracket	design	United States	D-303,689
Mega lever T-pin	design	United States	D-303,471
Trial pack	design	United States	D-343,355
Mega rocket	design	United States (suite)	D-347,865
Mega rocket (module)	design	United States (suite)	D-347,461
Mega rocket (base)	design	United States (suite)	D-342,291
Mega bonhomme (second design)	design	United States (suite)	D-352,078
Legend (winged lion)	design	United States (suite)	D-359,084
Fantasy shopping avenue	design	United States (suite)	
Mega blokmobile axle	design	United States (suite)	D-304,220
Mega plus	design	United States (suite)	D-307,774
Toy hat packaging	design	United States (suite)	D-325,941
Motorsport (Grandprix and Speedway)	design	United States (suite)	
Universal joint	design	United States (suite)	
Roof-shaped block	design	United States (suite)	

Invention	Type of Protection	Country	Registration No.
Zipper bag	design	United States (suite)	
Mega connector	design	Venezuela	
Mega rotor	design	Venezuela	
Mega angular	design	Venezuela	
Mega plus	design	Venezuela	
Toy hat	design	Venezuela	
Mega rocket	design	Venezuela	

TRADE NAMES

[None]

SCHEDULE VII
TO MOVABLE HYPOTHEC

FILINGS AND OTHER ACTIONS REQUIRED TO REGISTER OR PERFECT SECURITY INTERESTS

Commissioner of Patents - Canadian Patent Office

Register of Trademarks - Canadian Trademark Office

Commissioner of Patents - Industrial Design Section

Quebec
Register of Personal and Movable Real Rights

010395\0217\01868\9625ND8D.SCD

SCHEDULE VIII
TO MOVABLE HYPOTHEC

INVENTORY AND EQUIPMENT

Description	Location
Inventory and Equipment	5151 Thimens Montreal, Quebec H4R 2C8
	760 Lepine Ave. Dorval, Quebec

SCHEDULE IX
TO MOVABLE HYPOTHEC

RECORDS OF ACCOUNTS

5151 Thimens
Montreal, Quebec
H4R 2C8

010395\0217\01868\9625ND8D.SCD

[LETTERHEAD OF CHEMICAL BANK]

February 1, 1996

National Bank of Canada
[Address]

Attention: ●

Dear Sirs:

Re: Ritvik Toys Inc.

We refer to the Credit Agreement (the "Credit Agreement") dated as of February 8, 1996 among Ritvik Holdings Inc., Ritvik Toys Inc., RTI Funding Corporation, 9029-8712 Quebec Inc., the Subsidiaries of Ritvik Toys Inc. from time to time parties thereto, Chemical Bank of Canada, as administrative agent for the Canadian Lenders (in such capacity, the "Canadian Administrative Agent") and issuing bank (in such capacity, the "Issuing Bank"), the financial institutions from time to time parties thereto (collectively, the "Lenders"), Chemical Bank, as administrative agent (in such capacity, the "U.S. Administrative Agent") for the U.S. Lenders, and as collateral agent (in such capacity, the "Collateral Agent"). Capitalized terms not defined in this letter have the meanings given in the Credit Agreement. We are writing to you in our capacity as Collateral Agent.

We understand that Ritvik Toys Inc. and Ritvik Holdings Inc. (the "Credit Parties") may from time to time establish one or more bank accounts with National Bank of Canada ("National"). The purpose of this letter is to notify National that, pursuant to various security documentation executed and delivered by the Credit Parties pursuant to the Credit Agreement, the Credit Parties have assigned, pledged and hypothecated to the Collateral Agent, and have granted to the Collateral Agent a continuing security interest in, all of their present and future property (the "Collateral"). The Collateral includes all right, title and interest of each Credit Party in all of its accounts receivable, including any bank account which may from time to time be established by National for either Credit Party.

Please confirm, by signing a copy of this letter in the space provided below and returning it to the Collateral Agent, the following:

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1. National acknowledges the assignment, pledge and hypothecation of, and grant of a continuing security interest in, the Collateral to the Collateral Agent.

2. National acknowledges that, pursuant to the security documentation delivered by the Credit Parties to the Collateral Agent pursuant to the Credit Agreement, the Collateral Agent may, by written notice to National after the occurrence and during the continuance of a Default or an Event of Default, require that National pay to the Collateral Agent any and all amounts deposited by or for the account of either Credit Party with National. Upon receipt by National of any such notice from the Collateral Agent, National will, on such day and each Business Day thereafter until such Default or Event of Default shall have been cured, pay to the Collateral Agent any and all such amounts then on deposit with National.

3. National will not exercise any right of setoff, bankers' lien, right to combine or consolidate accounts or any other similar right with respect to any of the Collateral without the prior written consent of the Collateral Agent.

4. National will not take any security (in any form) in respect of any of the assets of either Credit Party without the prior written consent of the Collateral Agent; provided, however, that the foregoing restriction will not apply to the extent that National, as a Lender under the Credit Agreement, has the ratable benefit of any of the security granted by the Credit Parties to the Collateral Agent pursuant to the Credit Agreement.

The parties hereto have expressly required that this agreement and all documents, agreements and notices related hereto be drafted in the English language. Les parties aux présentes ont expressement exigé que le présent contrat et tous les autres documents, conventions ou avis qui y sont afferents soient rédigés en langue anglaise.

Yours truly,

CHEMICAL BANK

By:_____
Name:
Title:

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We confirm and agree with the foregoing.

NATIONAL BANK OF CANADA

By:_____
Name:
Title:

We acknowledge and consent to the foregoing.

RITVIK TOYS INC.

By:_____
Name:
Title:

MRH\25758\70335\COR\NATIBANK.LT2

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SUPPLEMENT NO. dated as of [ ], to the Movable Hypothec dated as of February 8, 1996 (the "*Movable Hypothec*" among Ritvik Holdings Inc., a Canadian corporation ("*Holdings*"), Ritvik Toys Inc., a Quebec corporation (the "*Revolving Borrower*") RTI Funding Corporation, a Delaware corporation (the "*U.S. Term Borrower*"), Quebec Inc., a Quebec corporation (the "*Canadian Term Borrower*"), and each of the Subsidiaries (each capitalized term used but not defined having the meaning given it in the Movable Hypothec and if not defined therein, having the meaning given it in Section 1.01 of the Credit Agreement referred to below) party thereto (together with the U.S. Term Borrower, the Canadian Term Borrower, Holdings and the Revolving Borrower, the "*Grantors*") and CHEMICAL BANK, a New York banking corporation, as collateral agent (the "*Collateral Agent*") for the Secured Parties.

A. Reference is made to the Credit Agreement dated as of February 8, 1996 (as amended or modified from time to time, the "*Credit Agreement*"), among the U.S. Term Borrower, the Canadian Term Borrower, Holdings, the Revolving Borrower, the Lenders, Chemical Bank, as U.S. Administrative Agent and Collateral Agent, Chemical Bank of Canada, as Canadian Administrative Agent and Issuing Bank, Societe Generale (Canada), as Co-Agent, and Canadian Imperial Bank of Commerce, as Documentation Agent.

B. The Grantors have entered into the Movable Hypothec in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Pursuant to Section 5.11 of the Credit Agreement, each Subsidiary that was not in existence or not a Subsidiary on the date thereof is required to enter into the Movable Hypothec as a Grantor upon becoming a Subsidiary. Section 25 of the Movable Hypothec provides that additional Subsidiaries may become Grantors under the Movable Hypothec by execution and delivery of an instrument in the form of this Supplement. The undersigned (the "*New Grantor*") is a Subsidiary and is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Grantor under the Movable Hypothec in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Grantor agree as follows:

SECTION 1. In accordance with Section 25 of the Movable Hypothec, the New Grantor by its signature below becomes a Grantor under the Movable Hypothec with the same force and effect as if originally named therein as a Grantor and the New Grantor hereby agrees to all the terms and provisions of the Movable Hypothec applicable to it as a Grantor thereunder and hereby hypothecates by way of first ranking hypothec in favour of the Collateral Agent, for the benefit of the Secured Parties, for the same amount and the same interest rate provided in the Movable Hypothec, all its right to any Collateral. Each reference to a "Grantor" in the Movable Hypothec shall be deemed to include the New Grantor. The Movable Hypothec is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to the Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to the effects of

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applicable bankruptcy, insolvency or similar laws effecting creditors' rights generally and equitable principles of general applicability.

SECTION 3. This Supplement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument. This Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Grantor and the Collateral Agent.

SECTION 4. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF QUEBEC.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, neither party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Movable Hypothec shall not in any way be affected or impaired. The parties hereto 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.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in the Credit Agreement. All communications and notices hereunder to the New Grantor shall be given to it at the address set forth under its signature, with a copy to the Borrower.

IN WITNESS WHEREOF, the New Grantor and the Collateral Agent have duly executed this Supplement to the Movable Hypothec as of the day and year first above written.

[NAME OF NEW GRANTOR],

by

_____

Name:
Title:
Address: _____
_____
_____

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CHEMICAL BANK, as Collateral Agent,

by

_____

Name:
Title: