

03-24-1999



100992781

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

☒ New

☐ Resubmission (Non-Recordation)  
Document ID #

☐ Correction of PTO Error  
Reel #  Frame #

☐ Corrective Document  
Reel #  Frame #

Conveyance Type

☐ Assignment ☐ License

☒ Security Agreement ☐ Nunc Pro Tunc Assignment

☐ Merger ☐ Change of Name

☐ Other

Effective Date  
Month Day Year

Conveying Party

☐ Mark if additional names of conveying parties attached

Name  Execution Date  
Month Day Year

Formerly

☐ Individual ☐ General Partnership ☐ Limited Partnership ☒ Corporation ☐ Association

☐ Other

☐ Citizenship/State of Incorporation/Organization

Receiving Party

☐ Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

☐ Individual ☐ General Partnership ☐ Limited Partnership

☒ Corporation ☐ Association

☐ Other

☐ Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

03/23/1999 VBROWN 00000049 110980 2006943

01 FC:481  
02 FC:482

40.00 CH  
25.00 CH

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Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK  
REEL: 1873 FRAME: 0378

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

☐ Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

**Trademark Application Number(s)**

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Registration Number(s)**

<input type="text" value="2006943"/>	<input type="text" value="2151856"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed ☐

Deposit Account ☐

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

☒

No

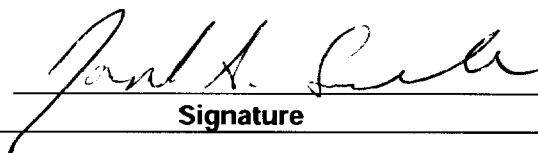
☐

**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. Charges to deposit account are authorized, as indicated herein.

Joseph A. Sarcinella

Name of Person Signing



Signature



Date Signed

## GUARANTOR PLEDGE AGREEMENT

This PLEDGE AND SECURITY AGREEMENT, dated as of February 26, 1999 (this "**Agreement**"), between **PERCEPTION GROUP, INC.**, a Delaware corporation ("**Holdings**"), **PERCEPTION, INC.**, a South Carolina corporation ("**Perception**") **DAGGER, INC.**, a Tennessee Corporation ("**Dagger**"), **HARMONY, INC.**, a South Carolina corporation ("**Harmony**") (each of Holdings, Perception, Dagger and Harmony a "**Grantor**" and, collectively, the "**Grantors**") and **MARINE MIDLAND BANK**, (the "**PDP Agent**"), as agent for and for the benefit of (i) itself as agent under the Guaranty (ii) Riverside Limited, a Cayman Islands limited liability company (the "**Lessor**") and (iii) **BEDI LIMITED**, a Cayman Islands limited liability company (the "**Working Capital Murabaha Provider**") (the Lessor and the Working Capital Murabaha Provider each a "**Beneficiary**" and, collectively, the "**Beneficiaries**").

### RECITALS:

**WHEREAS** Perception and Dagger (in such capacity, each a "**Lessee**" and collectively, the "**Lessees**") have entered into those certain Amended and Restated Lease and License Financing and Purchase Option Agreements, of even date herewith, by and among each Lessee on the one hand and the Lessor on the other (such agreements, together with any agreement or option executed in connection therewith being collectively, the "**Leases**" and each a "**Lease**");

**WHEREAS** Perception has entered into that certain Working Capital Murabaha Facility Agreement of even date herewith, by and between Perception and the Working Capital Murabaha Provider pursuant to which Working Capital Murabaha Provider has agreed to sell certain commodities to Perception on the terms set forth therein;

**WHEREAS** Grantors have entered into that certain Guaranty dated as of even date herewith (said Guaranty, as it may hereafter be amended, restated, supplemented or otherwise modified from time to time, the "**Guaranty**") to and for the benefit of **MARINE MIDLAND BANK**, as Guaranteed Party for (i) Riverside and (ii) the Working Capital Murabaha Provider, pursuant to which the Grantors have guaranteed all of the Guaranty Obligations (as defined therein) of each other Grantor; and

**WHEREAS** it is a condition to the effectiveness of the transactions contemplated by the Leases and the Working Capital Murabaha Facility that each Guarantor execute and deliver this Guarantor Pledge Agreement. The Lessees and Harmony are each direct or indirect subsidiaries of Holdings and each Guarantor has determined that the delivery of this Guarantor Pledge Agreement and consummation of the transactions contemplated by the Guarantor Documents is in furtherance of its interest.

**NOW, THEREFORE**, in consideration of the premises and the agreements, provisions and covenants herein contained, Grantors and PDP Agent, on behalf of the Beneficiaries, agree as follows:

## SECTION 1. GRANT OF SECURITY; DEFINITIONS

1.1. *Grant of Security.* Each Grantor hereby grants to PDP Agent, for the benefit of the Beneficiaries, a security interest in all of each Grantor's right, title and interest in and to the following, in each case whether now or hereafter existing or in which any Grantor now has or hereafter acquires an interest and wherever the same may be located (collectively, the "**Collateral**"):

(a) all "**Investment Property**", which term means:

(i) all right, title and interest of each Grantor, whether now owned or hereafter acquired, in all shares of capital stock owned by Grantors, including without limitation, all shares of capital stock described on Schedule 1.1(a), and the certificates, if any, representing such shares and any interest of any Grantor in the entries on the books of any issuer of such shares or on the books of any securities intermediary pertaining to such shares, and all dividends, cash, warrants, rights, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares (all of the foregoing being referred to herein collectively as the "**Pledged Stock**"); provided, only the outstanding capital stock of a controlled foreign corporation possessing up to but not exceeding 65% of the voting power of all classes of capital stock of such controlled foreign corporation entitled to vote shall be deemed to be pledged hereunder;

(ii) all right, title and interest of each Grantor, whether now owned or hereafter acquired, of all Indebtedness owed to each Grantor (other than any

Indebtedness owed to Grantors by any foreign Subsidiary thereof), including, without limitation, all Indebtedness described on Schedule 1.1(a), issued by the obligors named therein, the instruments evidencing such Indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness (all of the foregoing being referred to herein collectively as the "**Pledged Debt**");

(iii) all of each Grantor's right, title and interest as a limited and/or general partner in all partnerships, including, without limitation, the partnerships described on Schedule 1.1(a) (the "**Partnerships**"), whether now owned or hereafter acquired, including, without limitation, all of each Grantor's right, title and interest in, to and under the partnership agreements described on Schedule 1.1(a) (as such agreements have heretofore been and may hereafter be amended, restated, supplemented or otherwise modified from time to time, collectively, the "**Partnership Agreements**") to which any Grantor is a party (including, if any Grantor is a general partner of any Partnership, the right to vote with respect to and to manage and administer the business of such Partnership) together with all other rights, interests, claims and other property of Grantors in any manner arising out of or relating to any of their limited and/or general partnership interest in the Partnerships, whatever their respective kind or character, whether they are tangible or intangible property, and wheresoever they may exist or be located, and further including, without limitation, (1) all of the rights of each Grantor as a limited and/or general partner: (A) (I) to receive money due and to become due (including without limitation dividends, distributions, interest, income from partnership properties and operations, proceeds of sale of partnership assets and returns of capital) under or pursuant to the Partnership Agreements, (II) to receive payments upon termination of the Partnership Agreements, and (III) to receive any other payments or distributions, whether cash or noncash, in respect of any Grantor's limited and/or general partnership interest evidenced by the Partnership Agreements; (B) in and with respect to claims and causes of action rising out of or relating to the Partnerships; and (C) to have the access to the Partnerships' books and records and to other information concerning or affecting the Partnerships; and (2) any "*certificate of interest*" or "*certificates of interest*" (or other certificates or instruments however designated or titled) issued by the Partnerships and evidencing any Grantor's interest as a limited and/or general partner in the Partnerships (collectively, the "**Certificates**" and any interest of any Grantors in the entries on the books of any securities intermediary pertaining to any Grantor's interest as a limited

and/or general partner in the Partnership (all of the foregoing being referred to herein collectively as the **"Pledged Partnership Interests"**);

(iv) all of each Grantor's right, title and interest as a member of all limited liability companies (the **"LLCs"**), including, without limitation, all of each Grantor's right, title and interest in, to and under the limited liability company interests set forth on Schedule 1.1(a), whether now owned or hereafter acquired, including, without limitation, all of each Grantor's right, title and interest in, to and under the operating agreements with respect to any such LLC (as such agreements have heretofore been and may hereafter be amended, restated, supplemented or otherwise modified from time to time, collectively, each, an **"LLC Agreement"**) to which it is a party, regardless of whether such right, title and interest arises under such LLC Agreement, including (1) all rights of each Grantor to receive distributions of any kind, in cash or otherwise, due or to become due under or pursuant to each such LLC Agreement or otherwise in respect of such LLC, (2) all rights of each Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to each such LLC, (3) all claims of each Grantor for damages arising out of, or for the breach of, or for a default under, each such LLC Agreement, (4) any certificated or uncertificated security or security entitlement evidencing any of the foregoing issued by such LLC to any Grantor and (5) to the extent not included in the foregoing, all proceeds of any and all of the foregoing (all of the foregoing being referred to herein collectively as the **"Pledged LLC Interests"**);

(v) all additional shares of, limited and/or general partnership interests in and limited liability company interests in, and all securities convertible into and warrants, options and other rights to purchase or otherwise acquire, stock of any issuer of the Pledged Stock, limited and/or general partnership interests in the Partnerships, and limited liability company interests in the LLCs, from time to time acquired by any Grantor in any manner (which shares or interests shall be deemed to be part of the Pledged Securities), the certificates or other instruments representing such additional shares or interests, securities, warrants, options or other rights and any interest of any Grantor in the entries on the books of any financial intermediary pertaining to such additional shares or interests, and all additional indebtedness from time to time owed to any Grantor by any obligor on the Pledged Debt and the instruments evidencing such indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness, and all dividends, distributions,

cash, warrants, rights, instruments, payments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing; provided, only the outstanding capital stock of a controlled foreign corporation possessing up to but not exceeding 65% of the voting power of all classes of capital stock of such controlled foreign corporation entitled to vote shall be deemed to be pledged hereunder; and

(vi) all shares of, limited and/or general partnership interests in, and limited liability company interests in, and all securities convertible into and warrants, options and other rights to purchase or otherwise acquire, stock of, limited and/or general partnership interests in, or limited liability company interests in any Person that, after the date of this Agreement, becomes, as a result of any occurrence, a direct Subsidiary of any Grantor (which shares or interests shall be deemed to be part of the Pledged Securities), the certificates or other instruments representing such shares, interests, securities, warrants, options or other rights and any interest of any Grantor in the entries on the books of any financial intermediary pertaining to such shares or interests and all dividends, distributions, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares, interests, securities, warrants, options or other rights, and all Indebtedness from time to time owed to any Grantor by any Person that, after the date of this Agreement, becomes, as a result of any occurrence, a Subsidiary of any Grantor, and the instruments evidencing such Indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness; provided, only the outstanding capital stock of a controlled foreign corporation possessing up to but not exceeding 65% of the voting power of all classes of capital stock of such controlled foreign corporation entitled to vote shall be deemed to be pledged hereunder (all of the Securities referred to in the foregoing clauses (v) and (vi) being herein collectively referred to as the "**Additional Pledged Securities**"; the Pledged Stock, the Pledged Debt, the Pledged Partnership Interests, the Pledged LLC Interests and the Additional Pledged Securities, if any, being herein collectively referred to as the "**Pledged Securities**");

(b) all "**Intellectual Property**", which term means:

(i) all trademarks, service marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles and/or other source and/or business identifiers and applications pertaining thereto, owned or used by any Grantor in its business, or hereafter adopted and used, including, without limitation, the Trademarks specifically identified in Schedule 1.1(b) (all of the foregoing being referred to herein collectively as the "**Trademarks**"), all registrations that have been or may hereafter be issued or applied for thereon in the United States and any state thereof and in any foreign countries, including, without limitation, the registrations specifically identified in Schedule 1.1(b) (all of the foregoing being referred to herein collectively as the "**Trademark Registrations**"), all common law and other rights (but in no event any of the obligations) in and to the Trademarks in the United States and any state thereof and throughout the world (all of the foregoing being referred to herein collectively as the "**Trademark Rights**"), and all goodwill of each Grantor's business symbolized by the Trademarks and associated therewith (all of the foregoing being referred to herein collectively as the "**Associated Goodwill**");

(ii) all patents and patent applications and rights and interests in patents and patent applications under any domestic law that are presently, or in the future may be, owned by any Grantor's and all patents and patent applications and rights and interests in patents and patent applications under any domestic law that are presently, or in the future may be, held or used by any Grantor in whole or in part, including, without limitation, the patents and patent applications listed in Schedule 1.1(b), all rights (but not obligations corresponding thereto), including, without limitation, the right (but not the obligation, and exercisable only upon the occurrence and continuation of an Event of Default) to sue for past, present and future infringements in the name of any Grantor or in the name of PDP Agent or the Beneficiaries, and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof (all of the foregoing being collectively referred to as the "**Patents**"); it being understood that the rights and interest included herein hereby shall include, without limitation, all rights and interests pursuant to licensing or other contracts in favor of any Grantor pertaining to patent applications and patents presently or in the future owned or used by third parties but, in the case of third parties which are not Affiliates of any Grantor, only to the extent permitted by such licensing or other contracts and, if not so permitted, only with the consent of such third parties; and



(iii) various published and unpublished works of authorship including, without limitation, computer programs, computer data bases, other computer software, including without limitation, object code and source code, mask works, semiconductor chips, masks, cell libraries, layouts, trade secrets, trade secret rights, trade dress rights, ideas, drawings, designs, schematics, algorithms, writings, techniques, processes and formulas, including, without limitation, the works listed on Schedule 1.1(b) (all of the foregoing being referred to herein collectively as the "**Copyrights**"), all copyright registrations issued to any Grantor and applications for copyright registration that have been or may hereafter be issued or applied for thereon in the United States and any state thereof and throughout the world, including, without limitation, the registrations listed on Schedule 1.1(b) (all of the foregoing being referred to herein collectively as the "**Copyright Registrations**"), all common law and other rights in and to the Copyrights in the United States and any state thereof and throughout the world, including all copyright licenses (but with respect to such copyright licenses, only to the extent permitted by such licensing arrangements) (all of the foregoing being referred to herein collectively as the "**Copyright Rights**"), including, without limitation, each of the Copyrights, rights, titles and interests in and to the Copyrights and works protectable by copyright, which are presently, or in the future may be, owned, created (as a work for hire for the benefit of any Grantor), authored (as a work for hire for the benefit of any Grantor), acquired or used (whether pursuant to a license or otherwise but only to the extent permitted by agreements governing such license or other use) by any Grantor, in whole or in part, and all Copyright Rights with respect thereto and all Copyright Registrations therefor, heretofore or hereafter granted or applied for, and all renewals and extensions thereof, throughout the world, including all proceeds thereof (such as, by way of example and not by limitation, license royalties and proceeds of infringement suits), the right (but not the obligation) to renew and extend such Copyrights, Registrations and Copyright Rights and to register works protectable by copyright and the right (but not the obligation and exercisable only upon the occurrence and continuation of an Event of Default) to sue or bring opposition or cancellation proceedings in the name of any Grantor or in the name of PDP Agent or Beneficiaries for past, present and future infringements of the Copyrights and Copyright Rights;

(c) all of each Grantor's right, title and interest in, to and under any equipment in all of its forms, including, without limitation, all "equipment" as defined in Section 9-109(2) of the UCC, all accessions or additions thereto, all parts thereof,

whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing, including without limitation, any subject to, or released from, the Leases (all of the foregoing being referred to herein collectively as the "**Equipment**");

(d) all of each Grantor's right, title and interest in, to and under any inventory in all of its forms including, without limitation, all "inventory", as defined in Section 9-109(4) of the UCC, including, but not limited to, (i) all goods held by each Grantor for sale or lease or to be furnished under contracts of service or so leased or furnished, (ii) all raw materials, work in process, finished goods, and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in each Grantor's business, (iii) all goods in which any Grantor has an interest in mass or a joint or other interest or right of any kind, (iv) all goods which are returned to or repossessed by any Grantor, and all accessions thereto and products thereof (all of the foregoing being referred to herein collectively as the "**Inventory**"), and (v) all negotiable and non-negotiable documents of title, including, without limitation, warehouse receipts, dock receipts and bills of lading issued by any Person covering any Inventory;

(e) all of each Grantor's right, title and interest in, to and under any accounts, chattel paper, documents, instruments, general intangibles (each as defined in the UCC) and all contract rights and other rights and obligations of any kind (all of the foregoing being referred to herein collectively as the "**Accounts**") and all of each Grantor's rights in, to and under all security agreements, leases, contracts and other property (real or personal) securing or otherwise relating to any Accounts (all of the foregoing being referred to herein collectively as the "**Related Contracts**");

(f) without limiting clause (j) above, all of each Grantor's right, title and interest in, to and under all agreements and contracts to which such Grantor is a party as of the date hereof, including, without limitation, each Material Contract, or to which any Grantor becomes a party after the date hereof, as each such agreement may be amended, supplemented or otherwise modified from time to time (all of the foregoing being referred to herein collectively as the "**Assigned Agreements**"), including (i) all rights of each Grantor to receive moneys due or to become due under or pursuant to the Assigned Agreements, (ii) all rights of each Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, (iii) all claims of each Grantor for damages arising out of any breach of or default under the Assigned Agreements, (iv) all rights of each Grantor to terminate, amend, supplement, modify or exercise rights or options under the Assigned Agreements, to

perform thereunder and to compel performance and otherwise exercise all remedies thereunder and (v) all Collateral securing any Assigned Agreement;

(g) to the extent not otherwise included in any other subsection hereof, all other general intangibles, including tax refunds, rights to payment or performance, choses in action and judgments taken on any rights or claims included in the Collateral;

(h) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon;

(i) to the extent not covered by Sections 1.1(a) through 1.1(h), all other personal property of each Grantor, all proceeds, products, accession, rents and profits of or from any and all of the foregoing Collateral and, to the extent not otherwise included, all payments under insurance (whether or not PDP Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral. For purposes of this Agreement, the term "**proceeds**" includes whatever is receivable or received when Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary; and

(j) all deposit accounts (as defined in Section 9-105(e) of the UCC, money (as defined in Section 1-201(24) of the UCC), securities accounts (as defined in Section 8-501 of the UCC), investment property (as defined in Section 9-115 of the UCC), goods (as defined in Section 9-105(h) of the UCC), motor vehicles and insurance policies.

Notwithstanding anything herein to the contrary, in no event shall the Collateral include, and no Grantor shall be deemed to have granted a security interest in, any Grantor's rights or interests in any license, contract or agreement to which such Grantor is a party or any of its rights or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such license, contract or agreement or otherwise, result in a breach of the terms of, or constitute a default under any license, contract or agreement to which such Grantor is a party (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-318(4) of the Uniform Commercial Code of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code or principles of equity); provided, immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and such Grantor shall

be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect.

1.2. *Definitions; Interpretation.* Capitalized terms used herein (including the recitals hereto) and not otherwise defined herein shall have the meanings ascribed thereto in the Guaranty or, if not defined therein, in the Uniform Commercial Code as in effect in the State of New York (the "*UCC*"). References to "Sections", "Exhibits" and "Schedules" shall be to Sections, Exhibits and Schedules, as the case may be, of this Agreement unless otherwise specifically provided. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect. If any conflict or inconsistency exists between this Agreement and the Guaranty, the Guaranty shall govern.

## SECTION 2. SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE

2.1. *Security for Obligations.* This Agreement secures, and the Collateral is collateral security for, the prompt payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a)), of all obligations of every nature of any Grantor from time to time owed to any Beneficiary under the Guarantor Documents (the "**Secured Obligations**").

2.2. *Grantors Remain Liable.* Anything contained herein to the contrary notwithstanding, each Grantor shall remain liable under any Partnership Agreement, LLC Agreement or any other contracts and agreements included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (a) the exercise by PDP Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral; and (b) PDP Agent shall not have any obligation or liability under any Partnership Agreement, LLC Agreement or any other contracts and agreements included in the Collateral by reason of this Agreement, nor shall PDP Agent be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Notwithstanding any of the foregoing, this Agreement shall not in any way be deemed to obligate PDP Agent, any Beneficiary or any purchaser at a foreclosure sale under this Agreement to assume any Grantor's obligations, duties, expenses or liabilities under any LLC Agreement or Partnership

Agreement (including any Grantor's obligations as a general partner for the debts and obligations of a Partnership) or to manage the business and affairs of any Partnership or any Grantor's obligations for the debts and obligations of an LLC, or under any and all other agreements now existing or hereafter drafted or executed (collectively, the "**Grantors Obligations**") unless PDP Agent, any Beneficiary or any such purchaser otherwise expressly agrees in writing to assume any or all of said Grantors Obligations. In the event of foreclosure by PDP Agent, each Grantor shall remain bound and obligated to perform its Grantors Obligations arising during or otherwise related to its ownership of the Collateral, and neither PDP Agent nor any Beneficiary shall be deemed to have assumed any Grantor Obligations except as provided in the preceding sentence. Without limiting the generality of the foregoing, neither the grant of the security interest in the Collateral in favor of PDP Agent, as agent for the Beneficiaries, as provided herein nor the exercise by PDP Agent as agent for the Beneficiaries, of any of its rights hereunder nor any action by the PDP Agent as agent for the Beneficiaries, in connection with a foreclosure on the Collateral shall be deemed to constitute PDP Agent or any Beneficiary a partner of any Partnership or a member of any LLC; provided, in the event PDP Agent or any purchaser of Collateral at a foreclosure sale elects to become a substituted general partner of any Partnership or manager of any LLC in place of any Grantor, PDP Agent or such purchaser, as the case may, shall adopt in writing the applicable Partnership Agreement or LLC Agreement, as the case may be, and agree to be bound by the terms and provisions thereof.

### SECTION 3. REPRESENTATIONS AND WARRANTIES

3.1. *Generally.* Each Grantor represents and warrants that each of the representations and warranties set forth in Section 4.16 of the Guaranty is true and correct with respect to each item of Collateral applicable thereto owned by such Grantor as if fully set forth herein.

3.2. *Investment Property.* In addition to any other representation made by any Grantor in any other Guarantor Document, each Grantor represents and warrants that (a) all of its Pledged Stock has been duly authorized and validly issued and is fully paid and non-assessable; (b) its Pledged Securities, if any, constitute all of the issued and outstanding equity Securities of each issuer thereof that are owned by such Grantor, and such Grantor has no warrants, options or other rights to purchase, no rights under other agreements with respect to, no property that is now or hereafter convertible into, or that requires the issuance or sale of, any of its Pledged Securities; (c) all of its Pledged Debt has been duly authorized, authenticated or issued, and delivered and is the legal, valid

and binding obligation of the issuers thereof and is not in default and constitutes all of the issued and outstanding intercompany Indebtedness evidenced by a promissory note of the respective issuers thereof owing to such Grantor; (d) the security interest of PDP Agent as agent for the Beneficiaries, hereunder has been registered on the books and records of any issuer of "*uncertificated securities*" (as such term is defined in the UCC) included in the Collateral; and (e) with respect to any Investment Property, no consent of any Person, including any other limited or general partner of the Partnerships, any other member of any LLC, or any creditor of such Grantor, and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for either (i) the grant by such Grantor of the security interests granted hereby, (ii) the execution, delivery or performance of this Agreement by such Grantor, or (iii) the perfection of or the exercise by PDP Agent for the benefit of the Beneficiaries of its rights and remedies hereunder (except as may have been taken by or at the direction of such Grantor). None of the partnerships or limited liabilities included in the Pledged Securities have opted to have their interests governed by Article 8 of the Uniform Commercial Code of any jurisdiction pursuant to Section 8-103 thereof or otherwise. No Grantor shall consent to any such partnership or limited liability company electing to have its interests governed by Article 8 of the Uniform Commercial Code of any jurisdiction without the prior written consent of the PDP Agent and in any event shall promptly inform the PDP Agent in writing of any such election and take all action requested by the PDP Agent to perfect and establish the PDP Agent's control, as agent for the Beneficiaries, over such interests.

3.3. *Intellectual Property Collateral.* In addition to any other representation made by any Grantor in any other Guarantor Document, each Grantor represents and warrants that, except as would not have in the aggregate a material adverse effect on the Grantors taken as a whole, (a) a true and complete list of all Trademark Registrations and Trademark applications owned, held (whether pursuant to a license or otherwise) or used by such Grantor, in whole or in part, as of the date of this Agreement is set forth in Schedule 1.1(b); (b) a true and complete list of all Patents owned, held (whether pursuant to a license or otherwise) or used by such Grantor, in whole or in part, as of the date of this Agreement is set forth in Schedule 1.1(b); (c) a true and complete list of all Copyright Registrations and applications for Copyright Registrations held (whether pursuant to a license or otherwise) or used by such Grantor, in whole or in part, as of the date of this Agreement is set forth in Schedule 1.1(b); (d) after inquiry, such Grantor is not aware of any pending or threatened claim by any third party that any of the Intellectual Property owned, held or used by such Grantor is invalid or unenforceable; and (e) except as set forth on Schedule 3.1, no effective security interest or other Lien

covering all or any part of the Intellectual Property Collateral is on file in the United States Patent and Trademark Office or the United States Copyright Office.

3.4. *Equipment and Inventory.* In addition to the representations and warranties made by any Grantor in any other Guarantor Document, each Grantor represents and warrants that all of its Equipment and Inventory is, as of the date hereof, located in the jurisdictions specified in Schedule 3.4.

3.5. *Office Locations; Other Names.* In addition to the representations and warranties made by any Grantor in any other Guarantor Document, each Grantor represents and warrants that as of the date hereof the chief place of business, the chief executive office and the office where such Grantor keeps its records regarding the Accounts and Related Contracts and all originals of all chattel paper that evidence Accounts is, and has been for the four month period preceding the date hereof, located at the places indicated on Schedule 3.5, and such Grantor has not done in the past twelve months, and does not now do, business under any other name (including any trade-name or fictitious business name) except for those names set forth on Schedule 3.5.

#### SECTION 4. FURTHER ASSURANCES

4.1. *Generally.* Each Grantor agrees that from time to time, at the expense of such Grantor, such Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that PDP Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable PDP Agent, as agent for the Beneficiaries, to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor will (a) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, or as PDP Agent may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby; (b) at any reasonable time, upon request by PDP Agent, exhibit the Collateral to and allow inspection of the Collateral by PDP Agent, or persons designated by PDP Agent; and (c) at PDP Agent's request, appear in and defend any action or proceeding that may affect Grantors' title to or PDP Agent's security interest, for the benefit of the Beneficiaries, in all or any part of the Collateral. Each Grantor hereby authorizes PDP Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of such Grantor. Each Grantor agrees that a carbon, photographic or other reproduction

of this Agreement or of a financing statement signed by such Grantor shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions. Each Grantor will furnish to PDP Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as PDP Agent may reasonably request, all in reasonable detail.

4.2. *Investment Property.* (a) Each Grantor agrees that it will, upon obtaining any Additional Pledged Securities, promptly (and in any event within five Business Days) deliver to PDP Agent a Pledge Supplement, duly executed by such Grantor, in substantially the form of Exhibit A (a "**Pledge Supplement**"), in respect of such Additional Pledged Securities. Each Grantor hereby authorizes PDP Agent to attach each Pledge Supplement to this Agreement and agrees that all Pledged Securities of such Grantor listed on any Pledge Supplement shall for all purposes hereunder be considered Collateral of any Grantor; provided, the failure of Grantors to execute a Pledge Supplement with respect to any Additional Pledged Securities shall not impair the security interest of PDP Agent, as agent for and for the benefit of the Beneficiaries, therein or otherwise adversely affect the rights and remedies of PDP Agent, as agent for and for the benefit of the Beneficiaries, hereunder with respect thereto.

(b) Upon request of PDP Agent, Grantors shall cause each Person which is an issuer of an uncertificated security included in the Collateral to execute and deliver all instruments and documents, and take all further action PDP Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted in such uncertificated securities, to establish "*control*" (as such term is defined in the UCC) by PDP Agent, as agent for and for the benefit of the Beneficiaries, over such Collateral or to enable PDP Agent, as agent for and for the benefit of the Beneficiaries, to exercise and enforce its rights and remedies hereunder with respect to such Collateral, including, and as applicable, (i) register the security interest granted hereby upon the books of such Person in accordance with Article 8 of the UCC, and (ii) deliver to PDP Agent an Acknowledgment of Pledge, duly executed by such the issuer of the applicable uncertificated security, in substantially the form of Exhibit B (an "**Acknowledgment of Pledge**").

(c) Grantors shall cause each securities intermediary which has created any Securities Entitlement in favor of any Grantor to execute and deliver such documents as may be necessary or advisable, and take such further action as the PDP Agent may reasonably request, in order to perfect and establish control (as defined in the UCC) by



the PDP Agent, as agent for and for the benefit of Beneficiaries, over such Securities Entitlements.

**4.3. *Intellectual Property Collateral.*** If any Grantor shall hereafter obtain rights to any new Intellectual Property Collateral or become entitled to the benefit of (a) any patent application or patent or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement of any Patent; or (b) any Copyright Registration, application for Registration or renewals or extension of any Copyright, then in any such case, the provisions of this Agreement shall automatically apply thereto. A Grantor shall promptly notify PDP Agent in writing of any of the foregoing rights acquired by such Grantor after the date hereof and of (i) any Trademark Registrations issued or applications for Trademark Registration or applications for Patents made, and (ii) any Copyright Registrations issued or applications for Copyright Registration made, in any such case, after the date hereof. Promptly after the filing of an application for any (1) Trademark Registration; (2) Patent; and (3) Copyright Registration, a Grantor shall execute and deliver to PDP Agent and record in all places where this Agreement is recorded a Pledge Supplement, pursuant to which such Grantor shall grant to PDP Agent, as agent for and for the benefit of the Beneficiaries, a security interest to the extent of its interest in such Intellectual Property Collateral; provided, if, in the reasonable judgment of such Grantor, after due inquiry, granting such interest would result in the grant of a Trademark Registration or Copyright Registration in the name of PDP Agent, as agent for and for the benefit of Beneficiaries, in which event such Grantor shall give written notice to PDP Agent as soon as reasonably practicable and the granting of the security interest to PDP Agent and the filing in respect thereof shall instead be undertaken as soon as practicable but in no case later than immediately following the grant of the applicable Trademark Registration or Copyright Registration, as the case may be. In addition to the foregoing, each Grantor hereby authorizes PDP Agent to modify this Agreement without obtaining such Grantor's approval of or signature to such modification by amending Schedule 1.1(b), as applicable, to include reference to any right, title or interest in any existing Intellectual Property Collateral or any Intellectual Property Collateral acquired or developed by any Grantor after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property Collateral in which any Grantor no longer has or claims any right, title or interest.

**4.4. *Accounts.*** Each Grantor shall (a) mark conspicuously each item of chattel paper included in the Accounts, each Related Contract and, at the reasonable request of PDP Agent, each of its records pertaining to the Collateral, with a legend, in form and substance reasonably satisfactory to PDP Agent, indicating that such Collateral is

subject to the security interest granted hereby, and (b) deliver to PDP Agent, as agent for and for the benefit of the Beneficiaries, hereunder all promissory notes and other instruments (excluding checks) and all original counterparts of chattel paper constituting Collateral, duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to PDP Agent.

4.5. *Equipment.* Each Grantor shall (a) promptly after the acquisition by such Grantor of any item of Equipment which is covered by a certificate of title under a statute of any jurisdiction under the law of which indication of a security interest on such certificate is required as a condition of perfection thereof, upon the reasonable request of PDP Agent, execute and file with the registrar of motor vehicles or other appropriate authority in such jurisdiction an application or other document requesting the notation or other indication of the security interest created hereunder on such certificate of title, and (b) upon the reasonable request of PDP Agent, deliver to PDP Agent copies of all such applications or other documents filed during such calendar quarter and copies of all such certificates of title issued during such calendar quarter indicating the security interest created hereunder in the items of Equipment covered thereby.

## SECTION 5. COVENANTS OF GRANTORS

5.1. *Generally.* Each Grantor shall (a) except for the security interests created by this Agreement, not create or suffer to exist any Lien upon or with respect to any of the Collateral, except Liens permitted under Section 6.01 of the Guaranty; (b) not use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral; (c) notify PDP Agent of any change in such Grantor's name, identity or corporate structure within 15 days of such change; (d) diligently keep reasonable records with respect to its Intellectual Property Collateral and at all times keep at least one complete set of its records concerning such Collateral at its chief executive office or principal place of business; (e) if PDP Agent gives value to enable any Grantor to acquire rights in or the use of any Collateral, use such value for such purposes; (f) pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, its Collateral, except to the extent the validity thereof is being contested in good faith; provided, each Grantor shall in any event pay such taxes, assessments, charges, levies or claims not later than five days prior to the date of any proposed sale under any judgement, writ or warrant of attachment entered

or filed against such Grantor or any of the Collateral as a result of the failure to make such payment; and (g) upon any officer of any Grantor obtaining knowledge thereof, promptly notify PDP Agent in writing of any event that may materially and adversely affect the value of the Collateral or any portion thereof, the ability of such Grantor or PDP Agent, as agent for and for the benefit of the Beneficiaries, to dispose of the Collateral or any portion thereof, or the rights and remedies of PDP Agent, as agent for and for the benefit of the Beneficiaries, in relation thereto, including, without limitation, the levy of any legal process against the Collateral or any portion thereof. No Grantor shall sell, transfer or assign (by operation of law or otherwise) any Collateral except as permitted by Section 6 of the Guaranty (a "**Permitted Sale**"). So long as (i) no Event of Default shall have occurred and is then continuing or would occur after giving effect to a Permitted Sale, and (ii) the Leased Asset Sale Proceeds with respect to such Permitted Sale are delivered to PDP Agent (for payment to Riverside) contemporaneously with such Permitted Sale, PDP Agent shall release the Lien hereof encumbering the Collateral that is the subject of such Permitted Sale. PDP Agent shall execute each and every appropriate filing statement and/or recording document reasonably requested any Grantor in connection with the foregoing. Any reasonable expense or cost incurred by PDP Agent in connection with any such release shall be for the account of the Grantors.

## *5.2. Investment Property.*

### *(a) Delivery.*

(i) All certificates or instruments representing or evidencing the Investment Property shall be delivered to and held by or on behalf of PDP Agent, as agent for and for the benefit of the Beneficiaries, pursuant hereto and shall be in suitable form for transfer by delivery or, as applicable, shall be accompanied by the respective Grantor's endorsements, where necessary, or duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to PDP Agent. Upon the occurrence and during the continuation of an Event of Default, PDP Agent shall have the right, without notice to any Grantor, to transfer to or to register in the name of PDP Agent or any of its nominees, as agent for and for the benefit of the Beneficiaries, any or all of the Investment Property, subject only to the revocable rights specified herein. In addition, PDP Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Investment Property for certificates or instruments of smaller or larger denominations.

(ii) Each Grantor hereby consents to the pledge of the Pledged Partnership Interests by each other Grantor in each Partnership pursuant to the terms hereof, and, subject to Section 7, to the transfer of such Pledged Partnership Interests to PDP Agent or its nominee, as agent for and for the benefit of the Beneficiaries, and to the substitution of PDP Agent or its nominee, as agent for and for the benefit of the Beneficiaries, as a substituted Partner with all the rights, powers and duties of a general partner or limited partners, as the case may be.

(iii) Each Grantor hereby consents to the pledge of the Pledged LLC Interests by each other Grantor in each LLC pursuant to the terms hereof, and, subject to Section 7, to the transfer of such Pledged LLC Interests to PDP Agent or its nominee, as agent for and for the benefit of the Beneficiaries, and to the substitution of PDP Agent or its nominee, as agent for and for the benefit of the Beneficiaries, as a substituted member of the LLC with all the rights, powers and duties of a member of the LLC in question.

(b) *Covenants.* To the extent within such Grantor's control, each Grantor shall (i) not permit any issuer of Pledged Stock to merge or consolidate unless all the outstanding capital stock of the surviving or resulting corporation is, upon such merger or consolidation, pledged hereunder or under the Shareholder Pledge Agreement and no cash, securities or other property is distributed in respect of the outstanding shares of any other constituent corporation; provided, if the surviving or resulting corporation upon any such merger or consolidation involving an issuer of Pledged Stock which is a controlled foreign corporation is a controlled foreign corporation, then Grantors shall only be required to pledge outstanding capital stock of such surviving or resulting corporation possessing up to but not exceeding 65% of the voting power of all classes of capital stock of such issuer entitled to vote; (ii) cause each issuer of Pledged Stock not to issue any stock or other securities in addition to or in substitution for the Pledged Stock issued by such issuer, except to a Grantor; (iii) promptly deliver to PDP Agent notice of the conversion of any partnership interests in a Partnership Agreement or any membership interests in a LLC to certificated form; (iv) not (1) cancel or terminate any of the Partnership Agreements or LLC Agreements or consent to or accept any cancellation or termination thereof, (2) sell, assign (by operation of law or otherwise) or otherwise dispose of any part of its limited or general partnership interest in any of the Partnerships or its membership interest in any of the LLCs, (3) amend, supplement or otherwise modify any of the Partnership Agreements or any of the LLC Agreements (as in effect on the date hereof), (4) waive any default under or breach of any of the Partnership Agreements or any of the LLC Agreements or waive, fail to enforce, forgive

or release any right, interest or entitlement of any kind, howsoever arising, under or in respect of any of the Partnership Agreements or any of the LLC Agreements or vary or agree to the variation in any respect of any of the provisions of any of the Partnership Agreements or any of the LLC Agreements or the performance of any Other Person under any of the Partnership Agreements or any of the LLC Agreements, or (5) petition, request or take any other legal or administrative action which seeks, or may reasonably be expected, to rescind, to terminate or to suspend any of the Partnership Agreements or any of the LLC Agreements or to amend or modify any of the Partnership Agreements or any of the LLC Agreements; (v) at its expense (1) perform and comply in all material respects with all terms and provisions of the Partnership Agreements and the LLC Agreements required to be performed or complied with by it, (2) maintain the Partnership Agreements and the LLC Agreements to which it is a party in full force and effect, and (3) enforce each of the Partnership Agreements and each of the LLC Agreements to which it is a party in accordance with its terms; (vi) not vote to permit the Partnerships or the LLCs to enter into any transaction of merger or consolidation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); and (vii) pledge hereunder, immediately upon its acquisition (directly or indirectly) thereof, any and all shares of stock of any Person that, after the date of this Agreement, becomes, as a result of any occurrence, a direct Subsidiary of such Grantor; provided, notwithstanding anything contained in this clause (vii) to the contrary, a Grantor shall only be required to pledge the outstanding capital stock of a controlled foreign corporation possessing up to but not exceeding 65% of the voting power of all classes of capital stock of such controlled foreign corporation entitled to vote.

(c) *Voting and Distributions.*

(i) So long as no Event of Default shall have occurred and be continuing, (x) each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to its Investment Property or any part thereof for any purpose not inconsistent with the terms of this Agreement or the Guaranty; provided, a Grantor shall not exercise or refrain from exercising any such right if PDP Agent shall have notified such Grantor that, in PDP Agent's reasonable judgment, such action would have a material adverse effect on the value of the Investment Property or any part thereof; and provided further, each Grantor shall give PDP Agent at least two Business Days' prior written notice of the manner in which it intends to exercise, or the reasons for refraining from exercising, any such right. It is understood, however, that neither (A) the voting by a Grantor of any Pledged Stock for or a Grantor's consent to the election of directors at a regularly scheduled annual or other meeting of stockholders or with respect to

incidental matters at any such meeting, nor (B) a Grantor's consent to or approval of any action otherwise permitted under this Agreement, the Leases, the Working Capital Murabaha Facility or the Guaranty shall be deemed inconsistent with the terms of this Agreement within the meaning of this Section, and no notice of any such voting or consent need be given to PDP Agent; (y) each Grantor shall be entitled to receive and retain, and to utilize free and clear of the lien of this Agreement, any and all dividends and interest paid in respect of its Investment Property; provided, any and all (A) dividends and interest paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Investment Property, (B) dividends and other distributions paid or payable in cash in respect of any Investment Property in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus, and (C) cash paid, payable or otherwise distributed in respect of principal or in redemption of or in exchange for any Investment Property, shall be, and shall forthwith be delivered to PDP Agent to hold as, Investment Property and shall, if received by any Grantor, be received in trust for the benefit of PDP Agent, as agent for and for the benefit of the Beneficiaries, be segregated from the other property or funds of such Grantor and be forthwith delivered to PDP Agent, as agent for and for the benefit of the Beneficiaries, as Investment Property in the same form as so received (with all necessary endorsements); and (2) PDP Agent shall promptly execute and deliver (or cause to be executed and delivered) to each Grantor all such proxies, dividend payment orders and other instruments as such Grantor may from time to time reasonably request for the purpose of enabling such Grantor to exercise the voting and other consensual rights when and to the extent which it is entitled to exercise pursuant to clause (x) above and to receive the dividends, principal or interest payments which it is authorized to receive and retain pursuant to clause (y) above.

(ii) Upon the occurrence and during the continuation of an Event of Default, (w) upon written notice from PDP Agent to Grantors, all rights of any Grantor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease, and all such rights shall thereupon become vested in PDP Agent who shall thereupon have the sole right to exercise such voting and other consensual rights, as agent for and for the benefit of the Beneficiaries; (x) all rights of any Grantor to receive the dividends and interest payments which it would otherwise be authorized to receive and retain pursuant hereto shall cease, and all such rights shall thereupon

become vested in PDP Agent who shall thereupon have the sole right to receive and hold as Investment Property, as agent for and for the benefit of the Beneficiaries, such dividends and interest payments; and (y) all payments which are received by any Grantor contrary to the provisions of clause (x) above shall be received in trust for the benefit of PDP Agent, as agent for and for the benefit of the Beneficiaries, shall be segregated from other funds of such Grantor and shall forthwith be paid over to PDP Agent as Investment Property, as agent for and for the benefit of the Beneficiaries, in the same form as so received (with any necessary endorsements); and (z) all rights of any Grantor or receive any and all payments under or in connection with the Partnership Agreements and/or the LLC Agreements, including but not limited to the profits, dividends, and other distributions which it would otherwise be authorized to receive and retain pursuant hereto, shall cease, and all such rights shall thereupon become vested in PDP Agent, as agent for and for the benefit of the Beneficiaries, who shall thereupon have the sole right to receive and hold such payments, as agent for and for the benefit of the Beneficiaries, as collateral.

(iii) IN ORDER TO PERMIT PDP AGENT, AS AGENT FOR AND FOR THE BENEFIT OF THE BENEFICIARIES, TO EXERCISE THE VOTING AND OTHER CONSENSUAL RIGHTS WHICH IT MAY BE ENTITLED TO EXERCISE PURSUANT HERETO AND TO RECEIVE ALL DIVIDENDS AND OTHER DISTRIBUTIONS WHICH IT MAY BE ENTITLED TO RECEIVE HEREUNDER, (1) EACH GRANTOR SHALL PROMPTLY EXECUTE AND DELIVER (OR CAUSE TO BE EXECUTED AND DELIVERED) TO PDP AGENT ALL SUCH PROXIES, DIVIDEND PAYMENT ORDERS AND OTHER INSTRUMENTS AS PDP AGENT MAY FROM TIME TO TIME REASONABLY REQUEST, AND (2) WITHOUT LIMITING THE EFFECT OF CLAUSE (1) ABOVE, EACH GRANTOR HEREBY GRANTS TO PDP AGENT, AS AGENT FOR AND FOR THE BENEFIT OF THE BENEFICIARIES, AN IRREVOCABLE PROXY TO VOTE THE PLEDGED SECURITIES AND TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF THE PLEDGED SECURITIES WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS), WHICH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY PLEDGED SECURITIES ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY

ANY OTHER PERSON (INCLUDING THE ISSUER OF THE PLEDGED SECURITIES OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT, AND WHICH PROXY SHALL ONLY TERMINATE UPON THE PAYMENT IN FULL OF THE SECURED OBLIGATIONS.

*5.3. Intellectual Property Collateral.*

(a) *Covenants.* Each Grantor shall (i) hereafter use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could or might in any way materially impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property included within the definitions of any Intellectual Property Collateral acquired under such contracts; (ii) take all steps reasonably necessary to protect the secrecy of all trade secrets relating to the products and services sold or delivered under or in connection with the Intellectual Property Collateral, including, without limitation, entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents; (iii) use proper statutory notice in connection with its use of any of the Intellectual Property Collateral; (iv) use consistent standards of high quality (which may be consistent with Grantors' past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with the Intellectual Property Collateral; and (v) furnish to PDP Agent from time to time statements and schedules further identifying and describing any Intellectual Property Collateral and such other reports in connection with such Collateral as PDP Agent may reasonably request, all in reasonable detail.

(b) *Collections.* Except as otherwise provided in this Section 5.3, each Grantor shall continue to collect, at its own expense, all amounts due or to become due to such Grantor in respect of the Intellectual property Collateral or any portion thereof. In connection with such collections, each Grantor may take (and, at PDP Agent's reasonable direction, shall take) such action as such Grantor or PDP Agent may deem reasonably necessary or advisable to enforce collection of such amounts; provided, PDP Agent shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to Grantors of its intention to do so, to notify the obligors with respect to any such amounts of the existence of the security interest created hereby and to direct such obligors to make payment of all such amounts directly to PDP Agent, as agent for and for the benefit of the Beneficiaries, and, upon such notification and at the expense of Grantors, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same



manner and to the same extent as any Grantor might have done. After receipt by any Grantor of the notice from PDP Agent referred to in the proviso to the preceding sentence and during the continuation of any Event of Default, (i) all amounts and proceeds (including checks and other instruments) received by any Grantor in respect of amounts due to such Grantor in respect of the Collateral or any portion thereof shall be received in trust for the benefit of PDP Agent, as agent for and for the benefit of the Beneficiaries, hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over or delivered to PDP Agent, as agent for and for the benefit of the Beneficiaries, in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 7.5, and (ii) No Grantor shall adjust, settle or compromise the amount or payment of any such amount or release wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

(c) *Applications and Registrations.* Each Grantor shall have the duty diligently, through counsel reasonably acceptable to PDP Agent, to prosecute, file and/or make, unless and until such Grantor, in its commercially reasonable judgment, decides otherwise, (i) applications relating to any of the Intellectual Property Collateral owned, held or used by such Grantor and identified on Schedule 1.1(b), that are pending as of the date of this Agreement, (ii) applications for Copyright Registration on any existing or future unregistered but copyrightable works (except for works of nominal commercial value or with respect to which such Grantor has determined in the exercise of its commercially reasonable judgment that it shall not seek registration), (iii) applications on any existing patent or future patentable but unpatented invention comprising Intellectual Property Collateral, and (iv) any Trademark opposition and cancellation proceedings, renewals of Trademark Registrations and Copyright Registrations and any and all acts which are necessary or desirable, as determined in such Grantor's commercially reasonable judgment, to preserve and maintain all rights in all Intellectual Property Collateral. Any expenses incurred in connection therewith shall be borne solely by Grantors. Subject to the foregoing, Grantors shall give PDP Agent prior written notice of any abandonment of any Intellectual Property Collateral or any right to file a patent application or any pending patent application or any Patent.

(d) *Litigation.* Except as provided herein, each Grantor shall have the right to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such suits, proceedings or other actions for infringement, unfair competition, dilution, misappropriation or other damage, or reexamination or reissue proceedings as are in its commercially reasonable judgment necessary to protect the Intellectual Property Collateral. PDP Agent shall provide, at such Grantor's expense, all reasonable and necessary cooperation in connection with any such suit, proceeding

or action including, without limitation, joining as a necessary party, as agent for and for the benefit of the Beneficiaries. A Grantor shall promptly, following its becoming aware thereof, notify PDP Agent of the institution of, or of any adverse determination in, any proceeding (whether in the United States Patent and Trademark Office, the United States Copyright Office or any federal, state, local or foreign court) or regarding such Grantor's ownership, right to use, or interest in any Intellectual Property Collateral. Such Grantor shall provide to PDP Agent any information with respect thereto requested by PDP Agent.

(e) *Certain Rights of PDP Agent.* In addition to, and not by way of limitation of, the granting of a security interest in the Collateral pursuant hereto, each Grantor, effective upon the occurrence and during the continuation of an Event of Default and upon written notice from PDP Agent, shall grant, sell, convey, transfer, assign and set over to PDP Agent, as agent for and for the ratable benefit of the Beneficiaries, all of such Grantor's right, title and interest in and to the Intellectual Property Collateral to the extent necessary to enable PDP Agent, as agent for and for the ratable benefit of the Beneficiaries, to use, possess and realize on the Intellectual Property Collateral and to enable any successor or assign to enjoy the benefits of the Intellectual Property Collateral. This right and license shall inure to the benefit of PDP Agent, as agent for the Beneficiaries, the Beneficiaries and their respective successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license shall be granted free of charge, without requirement that any monetary payment whatsoever be made to any Grantor. In addition, each Grantor hereby grants to PDP Agent and its employees, representatives and agents the right to visit such Grantor and any of its Affiliate's or subcontractor's plants, facilities and other places of business that are utilized in connection with the manufacture, production, inspection, storage or sale of products and services sold or delivered under any of the Intellectual Property Collateral (or which were so utilized during the prior six month period), and to inspect the quality control and all other records relating thereto upon reasonable advance written notice to such Grantor and at reasonable dates and times and as often as may be reasonably requested. If and to the extent that any Grantor is permitted to license the Intellectual Property Collateral, PDP Agent, as agent for the Beneficiaries, shall promptly enter into a non-disturbance agreement or other similar arrangement, at such Grantor's request and expense, with such Grantor and any licensee of any Intellectual Property Collateral permitted hereunder in form and substance reasonably satisfactory to PDP Agent pursuant to which (i) PDP Agent, as agent for the Beneficiaries, shall agree not to disturb or interfere with such licensee's rights under its license agreement with such Grantor so long as such licensee is not in default thereunder, and (ii) such

licensee shall acknowledge and agree that the Intellectual Property Collateral licensed to it is subject to the security interest created in favor of PDP Agent, as agent for and for the benefit of the Beneficiaries, and the other terms of this Agreement.

**5.4. *Equipment and Inventory.*** Each Grantor shall:

(a) Except for Permitted Sales, as provided in Section 5.1, keep the Equipment and Inventory in the jurisdictions specified on Schedule 3.4 or upon 30 days' written notice to PDP Agent, in such other jurisdictions where all action that PDP Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby, or to enable PDP Agent, as agent for and for the benefit of the Beneficiaries, to exercise and enforce its rights and remedies hereunder, with respect to such Equipment and Inventory shall have been taken;

(b) keep correct and accurate records of the Inventory, itemizing and describing the kind, type and quantity of Inventory, such Grantor's cost therefor and (where applicable) the current list prices for the Inventory; and

(c) if any Inventory is in possession or control of any of such Grantor's agents or processors, upon the occurrence and during the continuance of an Event of Default, instruct such agent or processor to hold all such Inventory for the account of PDP Agent, as agent for and for the benefit of the Beneficiaries, and subject to the instructions of PDP Agent.

**5.5. *Accounts and Related Contracts.*** Each Grantor shall:

(a) keep its chief place of business and chief executive office and the office where it keeps its records concerning the Accounts and Related Contracts, and all originals of all chattel paper that evidence Accounts, at the location therefor specified on Schedule 3.5 or, upon 30 days' written notice to PDP Agent following any change in location, at such other location in a jurisdiction where all action that PDP Agent may request, in order to perfect and protect any security interest granted or purported to be granted hereby, or to enable PDP Agent to exercise and enforce its rights and remedies hereunder, with respect to such Accounts and Related Contracts shall have been taken. Promptly upon the reasonable request of PDP Agent, each Grantor shall deliver to PDP Agent complete and correct copies of its Related Contract;

(b) maintain (i) complete records of all Accounts, including records of all payments received, credits granted and merchandise returned, and (ii) all documentation relating thereto in accordance with prudent business practices;

(c) except as otherwise provided in this subsection (c), continue to collect, at its own expense, all amounts due or to become due to such Grantor under the Accounts and Related Contracts, and in connection with such collections, each Grantor shall take such action as such Grantor or PDP Agent may deem necessary or advisable to enforce collection of amounts due or to become due under the Accounts; provided, PDP Agent shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to Grantors of its intention to do so, to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to PDP Agent, as agent for and for the benefit of the Beneficiaries, and to direct such account debtors or obligors to make payment of all amounts due or to become due to any Grantor thereunder directly to PDP Agent, as agent for and for the benefit of the Beneficiaries, to notify each Person maintaining a lockbox or similar arrangement to which account debtors or obligors under any Accounts have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to PDP Agent, as agent for and for the benefit of the Beneficiaries, and, upon such notification and at the expense of Grantors, to enforce collection of any such Accounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as any Grantor might have done. After receipt by any Grantor of the notice from PDP Agent referred to in the proviso to the preceding sentence, all amounts and proceeds (including checks and other instruments) received by any Grantor in respect of the Accounts and the Related Contracts shall be received in trust for the benefit of PDP Agent, as agent for and for the benefit of the Beneficiaries, hereunder and shall be segregated from other funds of such Grantor and no Grantor shall adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

## SECTION 6. PDP AGENT APPOINTED ATTORNEY-IN-FACT

Each Grantor hereby irrevocably appoints PDP Agent, as agent for the Beneficiaries, as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, PDP Agent, the Beneficiaries or otherwise, from time to time in PDP Agent's discretion to take any action and to execute

any instrument that PDP Agent may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including (a) to obtain and adjust insurance required to be maintained by any Grantor or paid to PDP Agent pursuant to the Guaranty; (b) upon the occurrence and during the continuation of any Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral; (c) upon the occurrence and during the continuation of any Event of Default, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (b) above; (d) to file any claims or take any action or institute any proceedings that PDP Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of PDP Agent, as agent for and for the benefit of the Beneficiaries, with respect to any of the Collateral; (e) to pay or discharge taxes or Liens (other than Liens permitted under this Agreement or the Guaranty) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by PDP Agent in its sole discretion, any such payments made by PDP Agent to become obligations of Grantors to PDP Agent, due and payable immediately without demand; and (f) upon the occurrence and during the continuation of an Event of Default, generally, as agent for and for the benefit of the Beneficiaries, to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though PDP Agent, as agent for and for the benefit of the Beneficiaries, were the absolute owner thereof for all purposes, and to do, at PDP Agent's option and Grantors' expense, at any time or from time to time, all acts and things that PDP Agent deems reasonably necessary to protect, preserve or realize upon the Collateral and PDP Agent's security interest therein, as agent for and for the benefit of the Beneficiaries, in order to effect the intent of this Agreement, all as fully and effectively as any Grantor might do.

## SECTION 7. REMEDIES

7.1. *Generally.* If any Event of Default shall have occurred and be continuing, PDP Agent, as agent for and for the benefit of the Beneficiaries, may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it all the rights and remedies of a secured party on default under the Uniform Commercial Code as in effect in any relevant jurisdiction (the "**Code**") (whether or not the Code applies to the affected Collateral), and also may (a) require any Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of PDP Agent forthwith, assemble all or part of its Collateral as directed by PDP Agent

and make it available to PDP Agent at a place to be designated by PDP Agent that is reasonably convenient to both parties; (b) enter onto the property where any Collateral is located and take possession thereof with or without judicial process; (c) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent PDP Agent deems appropriate; (d) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of PDP Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as PDP Agent may deem commercially reasonable; and (e) exercise dominion and control over, and refuse to permit further withdrawals (whether of money, securities, instruments or other property) from any deposit account maintained with PDP Agent constituting part of the Collateral. PDP Agent or any Beneficiary may be the purchaser of any or all of the Collateral at any such sale and PDP Agent, as agent for and representative of the Beneficiaries (but not in its individual capacity), shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by PDP Agent, as agent for and for the benefit of the Beneficiaries, at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to Grantors of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. PDP Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. PDP Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor hereby waives any claims against PDP Agent, and the Beneficiaries, or any of them, arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if PDP Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Grantors shall be liable for the deficiency and the fees of any attorneys employed by PDP Agent to collect such deficiency. Each Grantor further agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to PDP Agent, as agent for the Beneficiaries, that PDP Agent, as agent

for the Beneficiaries, has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against Grantors, and each Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way alter the rights of PDP Agent, as agent for the Beneficiaries hereunder.

**7.2. *Investment Property.*** Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws, PDP Agent may be compelled, with respect to any sale of all or any part of the Investment Property conducted without prior registration or qualification of such Investment Property under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sales may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances each Grantor agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that PDP Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If PDP Agent determines to exercise its right to sell any or all of the Investment Property, upon written request, each Grantor shall and shall cause each issuer of any Pledged Stock to be sold hereunder, each Partnership and each LLC from time to time to furnish to PDP Agent all such information as PDP Agent may request in order to determine the number and nature of interest, shares or other instruments included in the Investment Property which may be sold by PDP Agent in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

**7.3. *Intellectual Property Collateral.*** (a) Anything contained herein to the contrary notwithstanding, upon the occurrence and during the continuation of an Event of Default, (i) PDP Agent shall have the right (but not the obligation) to bring suit, in the name of any Grantors, PDP Agent, the Beneficiaries or otherwise, to enforce any Intellectual Property Collateral, and to prevent infringement thereof by others, in which

event each Grantor shall, at the request of PDP Agent, do any and all lawful acts and execute any and all documents required by PDP Agent in aid of such enforcement and Grantors shall promptly, upon demand, reimburse and indemnify PDP Agent as provided in Section 11 in connection with the exercise of its rights under this Section, and, to the extent that PDP Agent shall elect not to bring suit to enforce any Intellectual Property Collateral as provided in this Section each Grantor agrees to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement of any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing necessary to prevent such infringement; (ii) upon written demand from PDP Agent, a Grantor shall execute and deliver to PDP Agent, as agent for and for the benefit of the Beneficiaries, an assignment or assignments of the Intellectual Property Collateral and such other documents as are necessary or appropriate to carry out the intent and purposes of this Agreement; and (iii) each Grantor agrees that such an assignment and/or recording shall be applied to reduce the Secured Obligations outstanding only to the extent that PDP Agent, as agent for the Beneficiaries (or any Beneficiary) receives cash proceeds in respect of the sale of, or other realization upon, the Intellectual Property Collateral; and (iv) within five Business Days after written notice from PDP Agent, a Grantor shall make available to PDP Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of such Event of Default as PDP Agent may reasonably designate, by name, title or job responsibility, to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold or delivered by such Grantor under or in connection with the Trademarks, Trademark Registrations and Trademark Rights, such persons to be available to perform their prior functions on PDP Agent's behalf and to be compensated by PDP Agent at such Grantor's expense on a per diem, pro-rata basis consistent with the salary and benefit structure applicable to each as of the date of such Event of Default.

(b) If (i) an Event of Default shall have occurred and, by reason of cure, waiver, modification, amendment or otherwise, no longer be continuing, (ii) no other Event of Default shall have occurred and be continuing, (iii) an assignment to PDP Agent of any rights, title and interests in and to the Intellectual Property Collateral shall have been previously made and shall have become absolute and effective, and (iv) the Secured Obligations shall not have become immediately due and payable, upon the written request of Grantors, PDP Agent shall promptly execute and deliver to each Grantor such assignments as may be necessary to reassign to Grantors any such rights, title and interests as may have been assigned to PDP Agent as aforesaid, subject to any disposition thereof that may have been made by PDP Agent; provided, after giving



effect to such reassignment, PDP Agent's security interest, as agent for and for the benefit of the Beneficiaries, granted pursuant hereto, as well as all other rights and remedies of PDP Agent, as agent for and for the benefit of the Beneficiaries, granted hereunder, shall continue to be in full force and effect; and provided further, the rights, title and interests so reassigned shall be free and clear of all Liens other than Liens (if any) encumbering such rights, title and interest at the time of their assignment to PDP Agent and Permitted Liens.

7.4. *Accounts.* In addition to the rights of the PDP Agent, as agent for and for the benefit of the Beneficiaries, specified in Section 5.5 with respect to payments of Accounts, if an Event of Default shall occur and be continuing, upon request of the PDP Agent, all proceeds received by Grantors consisting of cash, checks and other near-cash items shall be held by Grantors in trust for the PDP Agent, as agent for and for the benefit of the Beneficiaries, segregated from other funds of Grantors, and shall, forthwith upon receipt by Grantors, be turned over to the PDP Agent in the exact form received by Grantors (duly indorsed by Grantors to the PDP Agent, if required) and held by the PDP Agent, as agent for and for the benefit of the Beneficiaries. All proceeds while held by the PDP Agent, as agent for and for the benefit of the Beneficiaries, (or by the Grantors in trust for the PDP Agent, as agent for and for the benefit of the Beneficiaries) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 7.5.

7.5. *Application of Proceeds.* Except as expressly provided elsewhere in this Agreement, all proceeds received by PDP Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied as provided in Section 6 of the Intercreditor Agreement.

## SECTION 8. PDP AGENT AS AGENT

PDP Agent has been appointed to act as PDP Agent hereunder by the Beneficiaries. PDP Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including the release or substitution of Collateral), solely in accordance with this Agreement, the Leases, the Working Capital Murabaha Facility, the Guaranty and the Intercreditor Agreement; provided, PDP Agent shall exercise, or refrain from exercising, any remedies provided for herein in accordance with the instructions of (a) Majority Secured Parties (as defined in the Intercreditor Agreement). In furtherance of the foregoing provisions of this Section,

each of the Beneficiaries, by its acceptance of the benefits hereof, agrees that it shall have no right individually to realize upon any of the Collateral hereunder, it being understood and agreed by such parties that all rights and remedies hereunder may be exercised solely by PDP Agent for the benefit of the Beneficiaries. PDP Agent shall at all times be the same Person that is PDP Agent and Riverside Agent (as such term is defined under the Intercreditor Agreement) under the Intercreditor Agreement. Written notice of resignation by Riverside Agent pursuant to terms of the Intercreditor Agreement shall also constitute notice of resignation as PDP Agent under this Agreement; removal of Riverside Agent pursuant to the terms of the Intercreditor Agreement shall also constitute removal as PDP Agent under this Agreement; and appointment of a successor Riverside Agent pursuant to the terms of the Intercreditor Agreement shall also constitute appointment of a successor PDP Agent under this Agreement. Upon the acceptance of any appointment as Riverside Agent under the terms of the Intercreditor Agreement by a successor Riverside Agent, that successor Riverside Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed PDP Agent under this Agreement, and the retiring or removed PDP Agent under this Agreement shall promptly (i) transfer to such successor PDP Agent all sums, securities and other items of Collateral held hereunder, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor PDP Agent under this Agreement, and (ii) execute and deliver to such successor PDP Agent such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor PDP Agent of the security interests created hereunder, whereupon such retiring or removed PDP Agent shall be discharged from its duties and obligations under this Agreement. After any retiring or removed PDP Agent's resignation or removal hereunder as PDP Agent, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was PDP Agent hereunder.

## SECTION 9. CONTINUING SECURITY INTEREST; TRANSFER OF LOANS

This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the payment and performance in full of the Secured Obligations and the cancellation or termination of the commitments under the Working Capital Murabaha Facility, (b) be binding upon each Grantor and its successors and assigns, and (c) inure, together with the rights and remedies of PDP Agent hereunder, to the benefit of PDP Agent and its successors, transferees and assigns, as agent for and for the benefit of the Beneficiaries. Without limiting the generality of the

foregoing clause (c), but subject to the terms of the Leases, the Working Capital Murabaha Facility or the Guaranty, as applicable, any Beneficiary may assign or otherwise transfer any Secured Obligations held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Beneficiary herein or otherwise. Upon the payment and performance in full of all Secured Obligations and the cancellation or termination of the commitments under the Working Capital Murabaha Facility, the security interests granted hereby shall terminate hereunder and of record and all rights to the Collateral shall revert to Grantors. Upon any such termination PDP Agent will, at Grantors' expense, execute and deliver to Grantors such documents as Grantors shall reasonably request to evidence such termination.

#### SECTION 10. STANDARD OF CARE; PDP AGENT MAY PERFORM.

The powers conferred on PDP Agent hereunder are solely to protect its interest, as agent for and for the benefit of the Beneficiaries, in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, PDP Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. PDP Agent shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which PDP Agent accords its own property. If any Grantor fails to perform any agreement contained herein, PDP Agent may itself perform, or cause performance of, such agreement, and the expenses of PDP Agent incurred in connection therewith shall be payable by Grantors under Section 6 of the Intercreditor Agreement.

#### SECTION 11. INDEMNITY AND EXPENSES

(a) Each Grantor agrees:

(i) to indemnify PDP Agent and each Beneficiary from and against any and all claims, losses and liabilities in any way relating to, growing out of or resulting from this Agreement and the transactions contemplated hereby (including without limitation enforcement of this Agreement), except to the extent such claims, losses or liabilities result from PDP Agent's or such

Beneficiary's gross negligence, bad faith, or willful misconduct as determined by a court of competent jurisdiction; and

(ii) to pay to PDP Agent promptly following written demand the amount of any and all reasonable costs and reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents in accordance with the terms and conditions of the Intercreditor Agreement.

(b) The obligations of each Grantor in this Section 11 shall survive the termination of this Agreement and the discharge of Grantors' other obligations under this Agreement, the Leases, the Working Capital Murabaha Facility and the Guaranty.

## SECTION 12. WAIVER AND JURY TRIAL

**GRANTORS AND PDP AGENT HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT.** The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. Each Grantor and PDP Agent acknowledge that this waiver is a material inducement for Grantors and PDP Agent to enter into a business relationship, that Grantors and PDP Agent have already relied on this waiver in entering into this Agreement and that each will continue to rely on this waiver in their related future dealings. Each Grantor and PDP Agent further warrant and represent that each has reviewed this waiver with its legal counsel, and that each knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. **THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 25 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.** In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

## SECTION 13. MISCELLANEOUS

Any notice required or permitted to be given under this Agreement shall be given in accordance with Section 12 of the Intercreditor Agreement. No failure or delay on

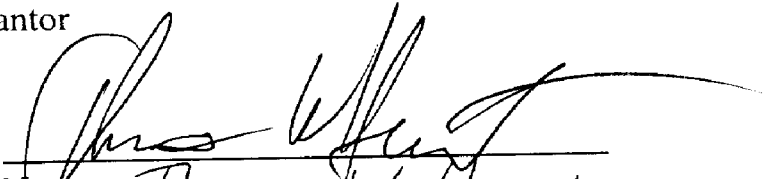
the part of PDP Agent in the exercise of any power, right or privilege hereunder shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists. This Agreement shall be binding upon and inure to the benefit of PDP Agent, as agent for and for the benefit of the Beneficiaries, and Grantors and their respective successors and assigns. Grantors shall not, without the prior written consent of PDP Agent, assign any right, duty or obligation hereunder. This Agreement, the Leases, the Working Capital Murabaha Facility, the Guaranty, the Intercreditor Agreement and the documents referred to in the aforementioned agreements, embody the entire agreement and understanding among Grantors, PDP Agent, and the Beneficiaries and supersede all prior agreements and understandings among such parties relating to the subject matter hereof and thereof. There are no unwritten oral agreements among the parties. This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

**THIS AGREEMENT SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) EXCEPT TO THE EXTENT THAT MANDATORY CHOICE OF LAW RULES REQUIRE APPLICATION OF ANOTHER LAW TO THE PERFECTION OR PRIORITY OF ANY SECURITY INTEREST GRANTED HEREUNDER OR THE ENFORCEMENT THEREOF.**

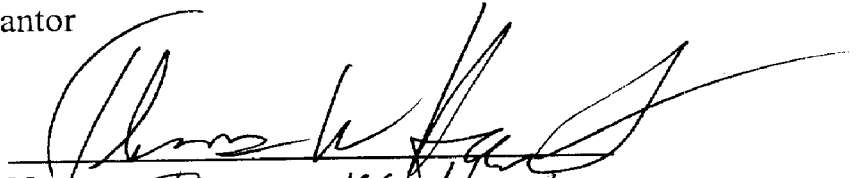
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IN WITNESS WHEREOF, Grantors and PDP Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

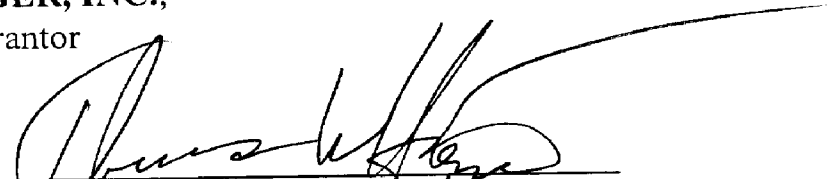
**PERCEPTION GROUP, INC.,**  
as a Grantor

By:   
Name: Thomas W. Hunston  
Title: Vice President

**PERCEPTION, INC.,**  
as a Grantor

By:   
Name: Thomas W. Hunston  
Title: Vice President

**DAGGER, INC.,**  
as a Grantor

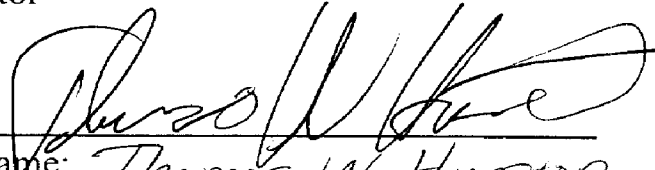
By:   
Name: Thomas W. Hunston  
Title: Vice President

**HARMONY INC.,**  
as a Grantor

By:

Name:

Title:

  
*Thomas W. Hunston*  
*Vice President*

Notice Address for all four companies:

1000 Abernathy Road, N.E., Suite 1100  
Atlanta, Georgia 30328  
Attn: Thomas W. Hunston

**MARINE MIDLAND BANK,**  
as PDP Agent

By:



Name:

CHRISTOPHER F. FRENCH

Title:

AUTHORIZED SIGNATORY

Notice Address:

140 Broadway, 5<sup>th</sup> Floor  
New York, New York 10005  
Attention: Christopher French

Tel: (212) 658-2742  
Fax: (212 ) 658-2586



STATE OF Georgia )  
 )  
COUNTY OF Fulton )

On this 2<sup>nd</sup> day of February, 1999, before me appeared Thomas W. Hunston,  
the person who signed the within and foregoing Guarantor Pledge Agreement in his capacities as  
VP, CEO of PERCEPTION, INC., who acknowledged that he signed  
same as a free act for and on behalf of the identified corporation with authority to do so.

Notary Public

Ann L. New

Commission Expiration Date:

Notary Public  
State of Georgia

[NOTARIAL SEAL]

Perception

TRADEMARK  
REEL: 1873 FRAME: 0418

STATE OF Georgia )  
COUNTY OF Fulton )

On this 24 day of February, 1999, before me appeared Thomas W. Nunston,  
the person who signed the within and foregoing Guarantor Pledge Agreement in his capacities as  
VP, CFO of DAGGER, INC., who acknowledged that he signed same  
as a free act for and on behalf of the identified corporation with authority to do so.

Notary Public

Anna L. Hess

Commission Expiration Date:

[NOTARIAL SEAL]

Dagger

TRADEMARK  
REEL: 1873 FRAME: 0419

STATE OF Georgia )

COUNTY OF Fulton )

On this 24 day of February, 1999, before me appeared Thomas W. Hunston,  
the person who signed the within and foregoing Guarantor Pledge Agreement in his capacities as  
VP, CFO of HARMONY, INC., who acknowledged that he signed  
same as a free act for and on behalf of the identified corporation with authority to do so.

Notary Public

Ben L. Hess

Commission Expiration Date:

[NOTARIAL SEAL]

Harmony

TRADEMARK  
REEL: 1873 FRAME: 0420

**SCHEDULE 1.1(a)**

**INVESTMENT PROPERTY**

**Pledged Stock:**

Pledgor	Stock Issuer	Class of Stock	Par Value	Number of Shares	Percentage of Outstanding Shares Pledged
Perception Group, Inc.	Perception, Inc.	Common	\$ 1.00	30,080	94%
Perception, Inc.	Dagger, Inc. (Dagg Acquisition, Inc.)	Common	\$ 1.00	100	100%
Perception, Inc.	Harmony, Inc.	Common	No	500	100%

**Pledged Debt:** Twelve (12) Interest-free Intercompany Notes: three (3) Notes issued by each of the four respective Guarantors, one Note in favor of each other Guarantor.

**Pledged Partnership Interests:** NONE

**Pledged LLC Interests:** NONE

**Additional Pledged Securities:** NONE

[Guarantors' Pledge Agreement]

**SCHEDULE 1.1(b)**

**INTELLECTUAL PROPERTY**

Intellectual Property, as defined in this Agreement with reference to this Schedule, includes without limitation the patents and trademarks described on the attached lists.

Also, see reference to use of company names in Schedule 3.5.

[Guarantors' Pledge Agreement]

## **SCHEDULE 3.1**

### **FILING OFFICES**

**Secretary of State - UCC Division (Delaware)**  
P.O. Box 793  
Dover, DE 19903

Perception Group, Inc.

**Secretary of State - UCC Division (South Carolina)**  
P.O. Box 11350  
Columbia, SC 29211

Perception Group, Inc.  
Perception, Inc.  
Harmony, Inc.

**Secretary of State - UCC Division (Tennessee)**  
James K. Polk Building  
505 Deaderick Street, Suite 1800  
Nashville, TN 37243

Perception Group, Inc.  
Dagger, Inc.

**Fulton County Clerk of Superior Court (Georgia)**  
136 Pryor Street  
Atlanta, GA 30303

Perception Group, Inc.  
Perception, Inc.  
Dagger, Inc.  
Harmony, Inc.

**Pickens County Register of Deeds**  
222 McDaniel Ave. B-5  
Pickins, SC 29671

Perception, Inc.  
Harmony, Inc.

**Roane County Register of Deeds**  
P.O. Box 181  
Kingston, TN 37763

Dagger, Inc.

[Guarantors' Pledge Agreement]

### **SCHEDULE 3.4**

#### **LOCATIONS OF EQUIPMENT AND INVENTORY**

1. State of South Carolina  
111 Kayaker Way  
Easley, South Carolina 29641  
  
165 Dancer Drive  
Easley, South Carolina 29641
2. State of Tennessee  
319 Roddy Lane  
Harriman, Tennessee 37748

[Borrower's Pledge Agreement]

## **SCHEDULE 3.5**

### **OFFICE LOCATIONS**

#### **Chief place of business and offices where records are kept:**

1. Perception Group, Inc.:  
1000 Abernathy Road, N.E., Suite 1100  
Atlanta, Georgia 30328
2. Perception, Inc.:  
111 Kayaker Way  
Easley, South Carolina 29641
3. Dagger, Inc.:  
P.O. Box 1500  
319 Roddy Lane 37748  
Harriman, Tennessee
4. Harmony, Inc.:  
165 Dancer Drive  
Easley, South Carolina 29641

#### **Chief executive office:**

c/o Perception Group, Inc.  
1000 Abernathy Road, N.E., Suite 1100  
Atlanta, Georgia 30328

#### **Company names:**

Perception Group, Inc. uses the tradename "WaterMark."  
"Dagger, Inc." formerly did business as "Dagg Acquisition, Inc."  
Perception, Inc. continues to use the names "Mainstream Products" and "Keepers Products."

[Guarantors' Pledge Agreement]



EXHIBIT A TO

GUARANTOR PLEDGE AND SECURITY AGREEMENT

PLEDGE SUPPLEMENT

This PLEDGE SUPPLEMENT, dated \_\_\_\_\_, is delivered pursuant to the Pledge and Security Agreement, dated as of February 26, 1999 (as it may be from time to time amended, modified or supplemented, the "***Guarantor Pledge Agreement***"), between Grantors and Marine Midland Bank, ("PDP Agent"), as agent for and for the benefit of the Beneficiaries. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Guarantor Pledge Agreement.

Subject to the terms and conditions of the Guarantor Pledge Agreement, the undersigned Grantor hereby grants to PDP Agent, as agent for and for the benefit of the Beneficiaries, a security interest in all of Grantor's right, title and interest in and to [the Investment Property listed on Supplemental Schedule 1.1(a) attached hereto] [and] [the Intellectual Property listed on Supplemental Schedule 1.1(b)] attached hereto] the following, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located. All such [Investment Property] [and] [Intellectual Property] shall be deemed to be part of the Collateral and hereafter subject to each of the terms and conditions of the Guarantor Pledge Agreement.

IN WITNESS WHEREOF, Grantor has caused this Supplement to be duly executed and delivered by its duly authorized officer as of \_\_\_\_\_.

[GRANTOR]

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

EXHIBIT B TO  
GUARANTOR PLEDGE AND SECURITY AGREEMENT

ACKNOWLEDGMENT OF PLEDGE

This ACKNOWLEDGMENT OF PLEDGE, dated \_\_\_\_\_, is delivered to Marine Midland Bank, ("PDP Agent"), as agent for and for the benefit of the Beneficiaries, pursuant to the Pledge and Security Agreement, dated as of February 26, 1999, (as it may be from time to time amended, modified or supplemented, the "**Guarantor Pledge Agreement**"), between Grantors and PDP Agent, as agent for itself and as agent for the Beneficiaries. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Guarantor Pledge Agreement.

[NAME OF ISSUER], a \_\_\_\_\_ ("**Issuer**"), hereby acknowledges receipt of a conformed copy of the Guarantor Pledge Agreement and (a) consents to the terms thereof, and (b) confirms that a pledge of all of [NAME OF APPLICABLE GRANTOR]'s right, title and interest in, to and under the security referred to below has been registered or otherwise duly noted in the books and records of Issuer in the name of PDP Agent, as agent for and for the benefit of the Beneficiaries, as follows:

- |    |   |                                      |
|----|---|--------------------------------------|
| 1. | Security:   | [Interest]                           |
| 2. | Number of Pledged Stock,<br>Units or other Interests Pledged: | [_____]                              |
| 3. | Registered Owner:   | [Name of Grantor]                    |
| 4. | Registered Pledgee:   | Marine Midland Bank,<br>as PDP Agent |
| 5. | Date of Registration of Pledgee:                              | [_____]                              |

Issuer hereby represents and warrants that there are no Liens, restrictions or adverse claims as to which Issuer has notice, other than Permitted Liens.

Issuer hereby agrees that it will comply with entitlement orders originated by the PDP Agent without further consent of the pledgor or any other person.

IN WITNESS WHEREOF, Issuer has caused this Acknowledgment of Pledge to be duly executed and delivered by its duly authorized officer as of the date above first written.

[ISSUER]

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