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

Submission Type

- [X] New
- [ ] Resubmission (Non-Recordation) Document ID #
- [ ] Correction of PTO Error Reel # Frame #
- [ ] Corrective Document Reel # Frame #

Conveyance Type

- [ ] Assignment
- [ ] License
- [X] 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

Execution Date Month Day Year: 06041999

Name: Lewmar Marine, Inc.

Formerly: International Marine Instruments, Inc. (fka International Marine Marketing, Inc.)

- [ ] Individual
- [ ] General Partnership
- [ ] Limited Partnership
- [X] Corporation
- [ ] Association
- [ ] Other
- [X] Citizenship/State of Incorporation/Organization: Connecticut

Receiving Party

[ ] Mark if additional names of receiving parties attached

Name: Governor and Company of the Bank of Scotland, The

DBA/AKA/TA:

Composed of:

Address (line 1): The Mound

Address (line 2):

Address (line 3): Edinburgh (City) United Kingdom (State/Country) EH1 1YZ (Zip Code)

- [ ] Individual
- [ ] General Partnership
- [ ] Limited Partnership
- [X] Corporation
- [ ] Association
- [ ] Other
- [X] Citizenship/State of Incorporation/Organization: Scotland

[ ] 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.)*

08/06/1999 MTHAI1 00000184 200052 2136567

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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 (212) 907-7300

Name Thomas J. Wilson, Esq.

Address (line 1) Golenbock, Eiseman, Assor & Bell

Address (line 2) 437 Madison Avenue

Address (line 3) New York, NY 10022

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments. # 52

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)			Registration Number(s)		
			2136567		

Number of Properties

Enter the total number of properties involved. # 1

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): $ 40.00

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: # 20-0052

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.

Christine E Wilson

Alvin R. Chin

Name of Person Signing

Christine E Wilson
Alvin R. Chin

Signature

August 2, 1999

Date Signed

SECURITY AGREEMENT

between

LEWMAR MARINE, INC.

and

THE GOVERNOR AND COMPANY
OF THE
BANK OF SCOTLAND

Dated as of June 4, 1999

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SECURITY AGREEMENT, dated as of June 4, 1999, between Lewmar Marine, Inc., a Connecticut corporation, (the "Assignor") and The Governor and Company of the Bank of Scotland, a bank organized under the laws of Scotland (the "Secured Party"), in connection with the transactions contemplated under that certain Working Capital Facility Letter, dated June 4, 1999, between the Secured Party and Clyde Shipping Company Limited, a company incorporated under the laws of Scotland (the "Parent"), and under that certain Banking Facility Letter, dated June 4, 1999, between the Secured Party and the Parent (together with the Working Capital Facility Letter, the "Facility Agreements").

W I T N E S S E T H:

WHEREAS, the Parent owns directly or through one or more wholly-owned subsidiaries all of the issued and outstanding shares of capital stock of the Assignor;

WHEREAS, pursuant to the Facility Agreements, the Secured Party has agreed to make available term loans, revolving credit and working capital facilities and other accommodations (the "Loans") to the Parent and the other borrowers thereunder;

WHEREAS, Assignor is a party to the Subsidiary Guaranty (as hereinafter defined);

WHEREAS, it is a condition to the provision of the Loans by the Secured Party pursuant to the Facility Agreements that the Assignor shall have executed and delivered to the Secured Party this Security Agreement;

WHEREAS, the Parent and the Assignor are mutually dependent on each other in the conduct of their respective businesses as a consolidated group of companies, and the Parent's ability to obtain financing under the Facility Agreements being dependent on the successful operations of the Assignor;

WHEREAS, the Assignor has determined that its execution, delivery and performance of this Security Agreement directly benefits, are within the corporate purposes and in the best interest of the Assignor;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. As used herein, capitalized terms defined in the applicable Facility Agreements and not otherwise defined herein are used herein as so defined and the following terms shall have the following meanings:

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"Account Debtor" shall mean the person who is obligated on a Receivable.

"Accounts" shall mean "accounts" as such term is defined in § 9-106 of the UCC.

"Bankruptcy Code" shall mean Title 11 of the United States Code entitled "Bankruptcy," as amended from time to time, and any successor statute or statutes.

"Business Day" shall mean any day excluding Saturday, Sunday and any day which shall be in New York City a legal holiday or a day on which banking institutions are authorized or required by law or other government actions to close.

"Cash Concentration Accounts" shall have the meaning ascribed to it in Section 6.1.

"Cash Concentration Bank" shall have the meaning ascribed to it in Section 6.1.

"Cash Concentration Letter" shall have the meaning ascribed to it in Section 6.1.

"Chattel Paper" shall mean "chattel paper" as such term is defined in § 9-105(b) of the UCC.

"Collateral" shall have the meaning assigned to it in Section 2 hereof.

"Collateral Account" shall mean the account or accounts(which may be a securities account) maintained by Assignor pursuant to this Security Agreement and all funds and instruments or other items from time to time credited to such account and all interest thereon.

"Collateral Records" shall mean books, records, computer software, computer printouts, customer lists, blueprints, technical specifications, manuals, and similar items which relate to any Collateral.

"Contracts" shall mean all contracts and agreements to which the Assignor or any of its affiliates are bound.

"Copyrights" shall mean all copyright assets including, but not limited to, any U.S. or other copyright, any other copyright able works, as well as any applications, registrations and renewals in connection therewith, now existing or hereafter made.

"Deposit Accounts" shall mean any deposit account, including without limitation, "deposit accounts" as such term is defined in § 9-105(e) of the UCC and any other lockbox account, deposit or securities account (general or special), together with

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any funds, instruments or other items credited to any such account from time to time, and all interest thereon.

"Documents" shall mean "documents" as such term is defined in § 9-105(f) of the UCC.

"Equipment" shall mean "equipment" as such term is defined in § 9-109(2) of the UCC, including, without limitation, machinery, manufacturing equipment, data processing equipment, computers, office equipment, furniture, appliances, tools, and any and all additions, accessions, substitutions and replacements to, for or any of the foregoing, wherever located, together with all supplies, attachments, components, parts, equipment and accessories installed thereon or affixed thereto or used or useful in connection therewith.

"Event of Default" shall mean an Event of Default under the Facility Agreements, or the occurrence or continuance of any of the following events, acts, occurrences or conditions, whether such event, act, occurrence or condition is voluntary or involuntary or results from the operation of law or pursuant to or as a result of compliance by any Person with any judgment, decree, order, rule or regulation of any court or administrative or governmental body:

(a) Default Under Secured Obligations. The Assignor shall default in the payment or performance when due of any of the Secured Obligations.

(b) Breach of Representation or Warranty. Any representation or warranty made by the Assignor or in any other document or certificate or statement delivered pursuant hereto shall prove to be false or misleading in any material respect on the date as of which made or deemed made.

(c) Breach of Covenants. The Assignor shall fail to perform or observe any material agreement, covenant or obligation arising under this Security Agreement, and such failure shall continue after the end of the applicable grace period, if any, provided herein.

(d) Bankruptcy, etc. (i) The Assignor shall commence a voluntary case concerning itself under the Bankruptcy Code; or (ii) an involuntary case is commenced against the Assignor under the Bankruptcy Code and the petition is not dismissed within 30 days, after commencement of the case; or (iii) a custodian (as defined in the Bankruptcy Code) or similar official or functionary is appointed for, or takes charge of, any substantial part of the property of the Assignor or the Assignor commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Assignor or there is commenced

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against the Assignor any such proceedings which remains undismissed for a period of thirty (30) days; or (iv) any order for relief or other order approving any such case or proceeding is entered; or (v) the Assignor is adjudicated insolvent or bankrupt; or (vi) the Assignor suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of thirty (30) days; or (vii) the Assignor makes a general assignment for the benefit of creditors; or (viii) the Assignor shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or (ix) the Assignor shall call a meeting of its creditors with a view of arranging a composition or adjustment of its debts; or (x) the Assignor shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; or (xi) any corporate action is taken by the Assignor for the purpose of effecting any of the foregoing.

(e) Security Agreement. This Security Agreement shall for any reason cease to be in full force and effect, or shall cease to give the Secured Party the Liens, rights, powers and privileges purported to be created hereby including, without limitation, a perfected first priority security interest in, and Lien on, all of the Collateral in accordance with the terms hereof.

(f) Subsidiary Guaranty. The Subsidiary Guaranty Agreement shall for any reason cease to be in full force and effect or the validity thereof shall be contested by the Assignor or any other Person.

(g) Ownership. Parent shall no longer own, directly or indirectly through one or more of its wholly-owned subsidiaries, one hundred percent (100%) of the capital stock of Assignor.

(h) Judgments. One or more judgments or decrees in an aggregate amount of $75,000 or more shall be entered by a court or courts of competent jurisdiction against the Assignor (other than any judgment as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such claim in writing) and (i) any such judgments or decrees shall not be stayed, discharged, paid, bonded or vacated within thirty (30) days or (ii) enforcement proceedings shall be commenced by any creditor on any such judgments or decrees.

"Fixtures" shall mean "fixtures" as such term is defined in § 9-313 of the UCC.

"General Intangibles" shall mean "general intangibles" as such term is defined in § 9-106 of the UCC, including, without limitation, rights to the payment of money (other than Receivables), Trademarks, Copyrights, Patents, and contracts, licenses and franchises (except in the case of licenses and franchises in respect of which the Assignor is the licensee or franchisee if the agreement in respect of such license or franchise prohibits by its terms any assignment or grant of a security interest), limited

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and general partnership interests and joint venture interests, federal income tax refunds, trade names, to the extent classified as a "general intangible" under the UCC under any applicable law, distributions on certificated securities (as defined in § 8-102(1)(a) of the UCC) and uncertificated securities (as defined in § 8-102(1)(b) of the UCC), computer programs and other computer software, inventions, designs, trade secrets, goodwill, proprietary rights, customer lists, supplier contracts, sale orders, correspondence, advertising materials, payments due in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any property, reversionary interests in pension and profit-sharing plans and reversionary, beneficial and residual interests in trusts, credits with and other claims against any Person, together with any collateral for any of the foregoing and the rights under any security agreement granting a security interest in such collateral.

"Instruments" shall mean "instruments" as such term is defined in § 9-105(1)(i) of the UCC.

"Insurance Policies" shall mean insurance policies, covering or benefitting the Assignor.

"Inventory" shall mean "inventory" as such term is defined in § 9-109(4) of the UCC, including without limitation, all goods (whether such goods are in the possession of the Assignor or of a bailee or other Person for sale, lease, storage, transit, processing, use or otherwise and whether consisting of whole goods, spare parts, components, supplies, materials or consigned or returned or repossessed goods), including without limitation, all such goods which are held for sale or lease or are to be furnished (or which have been furnished) under any contract of service or which are raw materials or work in progress or materials used or consumed in the Assignor's business.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing and the filing of any financing statement or similar instrument under the UCC or comparable law of any jurisdiction, domestic or foreign.

"Material Contracts" shall mean all contracts and agreements to which the Assignor or any of its affiliates are bound which involve total payments or liability by or to the Assignor or any of its affiliates of $50,000 or more.

"Money" shall mean "money" as such term is defined in § 1-201(24) of the UCC.

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"Motor Vehicles" shall mean motor vehicles, tractors, trailers and other like property, if title thereto is governed by a certificate of title ownership.

"Patents" shall mean any patent assets including, but not limited to, any U.S. or other patents, as well as inventions and discoveries (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all U.S. or other patent applications and patent disclosures, together with reissuances, continuations in part, revisions, extensions and reexaminations thereof, now or hereafter made.

"Permitted Liens" shall mean:

(a) Liens existing on the closing date and set forth on Schedule VII hereto;

(b) Liens permitted under the Facility Agreements;

(c) Liens for taxes not yet due and with respect to which adequate reserves are being maintained in accordance with GAAP;

(d) Statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law (other than any Lien imposed by ERISA or pursuant to any environmental law) created in the ordinary course of business for amounts not yet due and with respect to which adequate bonds have been posted;

(e) Liens (other than any Lien imposed by ERISA or pursuant to any environmental law) incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(f) Easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Assignor or any of its subsidiaries and which do not detract materially from the value of the property to which they attach or impair materially the use thereof by the Assignor or any of its affiliates or adversely affect the security interests of the Secured Party therein; and

(g) Liens granted to the Secured Party pursuant to this Security Agreement.

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"Person" shall mean and include any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or agency, department or instrumentality thereof.

"Proceeds" shall mean "proceeds" as such term is defined in § 9-306(1) of the UCC.

"Receivables" shall mean all rights to payment for goods sold or leased or services rendered, whether or not earned by performance and all rights in respect of the Account Debtor, including without limitation, all such rights in which the Assignor has any right, title or interest by reason of the purchase thereof by the Assignor, and including without limitation all such rights constituting or evidenced by any Account, Chattel Paper, Instrument, General Intangible, note, contract, invoice, purchase order, draft, acceptance, book debt, intercompany account, security agreement, or other evidence of indebtedness or security, together with (a) any collateral assigned, hypothecated or held to secure any of the foregoing and the rights under any security agreement granting a security interest in such collateral, (b) all goods, the sale of which gave rise to any of the foregoing, including, without limitation, all rights in any returned or repossessed goods and unpaid seller's rights, (c) all guarantees, endorsements and indemnifications on, or of, any of the foregoing, and (d) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith.

"Receivables Records" shall mean (a) all original copies of all documents, instruments or other writings evidencing the Receivables, (b) all books, correspondence, credit or other files, records, ledger sheets or cards, invoices, and other papers relating to Receivables, including without limitation all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to the Receivables, whether in the possession or under the control of the Assignor or any computer bureau or agent from time to time acting for the Assignor or otherwise, (c) all evidences of the filing of financing statements and the registration of other instruments in connection therewith and amendments, supplements or other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgments, or other writings, including without limitation lien search reports, from filing or other registration officers, (d) all credit information, reports and memoranda relating thereto, and (e) all other written or non-written forms of information related in any way to the foregoing or any Receivable.

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

"Secured Obligations" shall mean (a) all obligations, liabilities (including, without limitation, contingent obligations) and indebtedness of every nature of the

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Assignor and the Parent now existing or hereafter incurred, arising under or in connection with the Facility Agreements, this Security Agreement, the Subsidiary Guaranty or any other Security Documents;

and (b) all other obligations, liabilities of every kind, nature or description, direct or indirect, primary or secondary, joint or several, absolute or contingent of the Assignor and the Parent to the Secured Party whether due or to become due and whether now existing or hereafter incurred and whether similar or dissimilar to the obligations described in clause (a) hereof, and including without limitation all consumer or commercial transactions, all purchase money and nonpurchase money transactions, all overdrafts, all letters of credit, all lines of credit and all other extensions of credit, regardless of how they may be evidenced.

"Subsidiary Guaranty Agreement" shall mean that certain Subsidiary Guaranty Agreement, dated as of the date hereof, by Assignor and the other parties thereto in favor of the Secured Party.

"Trademarks" shall mean any mark assets including, without limitation, trademarks, service marks, trade dress, logos, trade names and corporate names, together with all translations, adaptions, derivations and combinations thereof that are registered in the U.S. Patent and Trademark Office or any comparable office in any other jurisdiction, and all applications for such registration and renewals thereof as well as any unregistered trademarks, service marks, trade dress, logos, trade names and corporate names, together with all translations, adaptions, derivations and combinations thereof used by the Assignor in the U.S. or any other jurisdiction.

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

ARTICLE 2
GRANT OF SECURITY INTERESTS

As security for the prompt and complete payment and performance in full of all the Secured Obligations, the Assignor hereby assigns, pledges and transfers to the Secured Party, and grants to the Secured Party a security interest in and Lien on, all of the Assignor's right, title and interest in, to and under the following, in each case, whether now owned or existing or hereafter acquired or arising, and wherever located (all of which being hereinafter collectively called the "Collateral"):

(i) all Accounts;

(ii) all Chattel Paper;

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(iii) all Contracts;

(iv) all Collateral Accounts;

(v) all Collateral Records;

(vi) all Deposit Accounts;

(vii) all Documents;

(viii) all Equipment;

(ix) all Fixtures;

(x) all General Intangibles;

(xi) all Hedging Agreements;

(xii) all Instruments;

(xiii) all Insurance Policies;

(xiv) all Inventory;

(xv) all Money;

(xvi) all Motor Vehicles;

(xvii) all Receivables;

(xviii) all Receivables Records;

(xix) all other tangible and intangible personal property; and

(xx) all accessions and additions to any or all of the foregoing, all substitutions and replacements for any or all of the foregoing and all Proceeds (including all investments of Proceeds pursuant to Section 6.3 hereof) or products of any or all of the foregoing.

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ARTICLE 3

REPRESENTATIONS AND WARRANTIES

The Assignor hereby represents and warrants to the Secured Party, which representations and warranties shall survive execution and delivery of this Security Agreement, as follows:

3.1 Validity, Perfection and Priority. (a) The security interests in the Collateral granted to the Secured Party hereunder constitute valid security interests in the Collateral.

(b) Except for Permitted Liens, the security interests in the Collateral granted to the Secured Party hereunder constitute perfected security interests therein superior and prior to all Liens, rights or claims of all other Persons upon (i) the filing of financing statements, with the appropriate fees, in the filing offices set forth on Schedule I hereto naming the Assignor as "debtor" and the Secured Party as "Secured Party" and describing the Collateral, all policies of insurance naming Secured Party as additional insured or loss payee, (ii) the naming of the Secured Party as additional insured or loss payee on all policies of insurance, (iii) the delivery to the Secured Party of the Instruments listed on Schedule II hereto and all Instruments and Chattel Paper, and (iv) the stamping of all other Chattel Paper, Instruments and original certificates of title for the Motor Vehicles to indicate the security interests of the Secured Party hereunder.

3.2 No Liens; Other Financing Statements.

(a) Except for the Liens granted hereunder to the Secured Party, the Assignor owns and, as to all Collateral whether now existing or hereafter acquired, will continue to own, each item of the Collateral free and clear of any and all Liens, rights or claims of all other Persons other than Permitted Liens, and the Assignor shall defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Secured Party.

(b) No financing statement or other evidence of any Lien covering or purporting to cover any of the Collateral is on file in any public office other than (i) financing statements filed or to be filed in connection with the security interests granted to the Secured Party hereunder, (ii) financing statements for which proper termination statements have been delivered to the Secured Party for filing and (iii) financing statements filed in connection with Permitted Liens.

3.3 Chief Executive Office; Records. The location of the chief executive office of the Assignor is set forth on Schedule III hereto. The originals of the Receivables Records and all Contracts and all Collateral Records are located at the chief executive office of the

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Assignor or the location or locations identified on Schedule III. All Receivables and Contracts are maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from the chief executive office or the location or locations identified on Schedule III as such.

3.4 Location of Inventory and Equipment. All Inventory and Equipment now or from time to time included in the Collateral is kept only at the locations listed on Schedule V. None of such Inventory or Equipment is in the possession of an issuer of a negotiable document (as defined in UCC § 7-104) therefor or otherwise in the possession of a bailee.

3.5 Receivables.

(a) Each Receivable (i) is and will be the genuine, legal, valid and binding obligation of the Account Debtor in respect thereof, representing an unsatisfied obligation of such Account Debtor, (ii) is and will be enforceable in accordance with its terms, (iii) is and will be in full force and effect and is not and will not be subject to any setoffs, defenses, taxes, counterclaims (except (x) with respect to refunds, returns and allowances in the ordinary course of business with respect to damaged merchandise and (y) to the extent that such Receivable may not yet have been earned by performance) and (iv) is and will be in compliance with all applicable laws, whether federal, state, local or foreign.

(b) None of the Account Debtors in respect of any Receivable is the United States Government or an instrumentality thereof.

(c) No Receivables which are evidenced by Chattel Paper require the consent of the Account Debtor in respect thereof in connection with assignment hereunder and no other receivable purports to prohibit assignment or require the consent of the Account Debtor thereunder in connection with assignment.

(d) No Receivables are evidenced by any Instrument or Chattel Paper which has not been delivered to the Secured Party

The representations and warranties contained in this Section shall be deemed to be repeated by the Assignor as of the time when each Receivable arises.

3.6 Material Contracts. (a) Each Material Contract (i) is and will be the legal, valid, and binding obligation of each of the parties thereto, (ii) is and will be enforceable against each party thereto in accordance with its terms, (iii) is and will be in full force and effect and is not subject to any setoffs, defenses, taxes, counterclaims or other claims, nor have any of the foregoing been asserted or alleged as to any Material Contract, and (iv) is and will be in compliance with all applicable laws, whether federal, state, local or foreign.

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(b) No consent or authorization or filing with or other act by or in respect of any governmental authority is required in connection with the execution, delivery, performance, validity, enforceability or assignment hereunder of any Material Contract by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any Material Contract to any material adverse limitation, either specific or general in nature.

(c) Neither the Assignor nor, to the knowledge of the Assignor, any other party to any Material Contract is in default or likely to become in default in the performance or observance of any of the terms thereof.

(d) The Assignor has fully performed all its obligations under each Material Contract.

(e) The Assignor has delivered to the Secured Party a complete and correct copy of each Material Contract, including all amendments, supplements and other modifications thereto, such Material Contracts to be listed on Schedule IX hereto.

(f) No payments due the Assignor under any Material Contract are evidenced by any Instrument or Chattel Paper which has not been delivered to the Secured Party.

(g) No party to any Material Contract is the United States government or an instrumentality thereof.

(h) No Material Contract prohibits assignment or requires or purports to require consent of or notice to any Person in connection with assignment hereunder.

At the request of the Secured Party, Assignor shall promptly deliver copies of each Material Contract, including all amendments, supplements and other modifications thereto, executed, assumed or otherwise binding upon the Assignor after the date hereof.

3.7 Fair Labor Standards Act. Any goods now or hereafter produced by the Assignor included in the Collateral have been and will be produced in compliance with the requirements of the Fair Labor Standards Act, as amended.

3.8 Intellectual Property; Tradenames; Prior Names. Schedule IV sets forth a complete and accurate list of all registered intellectual property, including, but not limited to, all Copyrights, Patents and Trademarks owned by Assignor on the date hereof. Assignor owns or possesses the right to use, and has done nothing to authorize or enable any other Person to use, any of its Copyright, Patent or Trademark, except as set forth on Schedule IV. All registrations for such Copyrights, Patents and Trademarks are valid and in full force and effect, and the Assignor owns or possesses the right to use all Copyrights, Patents and

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Trademarks necessary for the operation of its business. To the best of Assignor's knowledge, (a) there is no violation by others of any right of the Assignor with respect to any Copyright, Patent or Trademark and (b) to the best of the Assignor's knowledge, the Assignee is not infringing in any respect upon any Copyright, Patent or Trademark of any other Person, and no proceedings have been instituted or are pending against the Assignor or, to the Assignor's knowledge, threatened, and no claim against the Assignor has been received by the Assignor alleging any such violation. Assignor has not conducted business under any other name during the last five years, except as specified on Schedule IV hereto.

3.9 Motor Vehicles. All Motor Vehicles in which the Assignor has any right, title or interest are listed on Schedule VI hereto, together with the book value thereof. There is no property of the Assignor other than the Motor Vehicles the title to which is governed by a certificate of title or ownership.

3.10 Basic Representations and Warranties. (a) The Assignor (i) is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation, (ii) has the corporate power and authority to own its property and assets and to transact the business in which it is engaged or presently proposes to engage and (iii) has duly qualified and is authorized to do business and is in good standing as a foreign corporation in every jurisdiction in which it owns or leases real property or in which the nature of its business requires it to be so qualified.

(b) The Assignor has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Security Agreement and has taken all necessary corporate action to authorize the execution, delivery and performance by it of this Security Agreement. The Assignor has duly executed and delivered this Security Agreement, and this Security Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

(c) Neither the execution, delivery or performance by the Assignor of this Security Agreement, nor compliance by it with the terms and provisions hereof, (i) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality or (ii) will conflict or be inconsistent with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to this Security Agreement) upon any of the property or assets of the Assignor pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which the Assignor is a party or by which it or any of its property or assets is bound or to which it may be subject, or (iii) will violate any provision of the certificate of incorporation, by-laws or similar document of the Assignor.

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(d) There are no actions, suits or proceedings pending or threatened against the Assignor with respect to this Security Agreement or the transactions contemplated hereby.

ARTICLE 4

COVENANTS

The Assignor covenants and agrees with the Secured Party that from and after the date of this Security Agreement:

4.1 Further Assurances. At any time and from time to time, upon the request of the Secured Party, and at the sole expense of the Assignor, the Assignor will promptly and duly execute and deliver any and all such further instruments, endorsements, powers of attorney and other documents, make such filings, give such notices and take such further action as the Secured Party may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights, remedies an powers herein granted, including, without limitation, the following:

(i) the filing of any financing statements, in form acceptable to the Secured Party under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens and security interests granted hereby. The Assignor also hereby authorizes the Secured Party to file any such financing statement without the signature of the Assignor to the extent permitted by applicable law. A photocopy or other reproduction of this Security Agreement shall be sufficient as a financing statement and may be filed in lieu of the original to the extent permitted by applicable law. The Assignor will pay or reimburse the Secured Party for all filing fees and related expenses;

(ii) will make or reimburse the Secured Party for making all searches reasonably deemed necessary by the Secured Party to establish and determine the priority of the security interests of the Secured Party or to determine the presence or priority of other secured parties;

(iii) upon request of the Secured Party, cause the Secured Party to be listed as the lienholder on the certificate of title or ownership covering any Collateral (other than Motor Vehicles as to which the mandatory provisions of Section 4.13 hereof shall govern) covered by such a certificate of title or ownership and to deliver evidence thereof to the Secured Party within five (5) days; and

(iv) furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in detail and in form reasonably satisfactory to the Secured Party.

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4.2 Change of Chief Executive Office. The Assignor will not move its chief executive office except to such new location as the Assignor may establish in accordance with the last sentence of this Section. The originals of all Receivables Records and Contracts and all Collateral Records will continue to be kept at such chief executive office or at the locations identified on Schedule III as such, or at such new locations as the Assignor may establish in accordance with the last sentence of this Section. All Receivables, Receivables Records and Contracts of the Assignor will continue to be maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, a location identified as such on Schedule III, or such new locations as the Assignor may establish in accordance with the last sentence of this Section. The Assignor shall not establish a new location for its chief executive office or such activities (or move any such activities; from the location listed in Schedule III therefor) until (i) it shall have given to the Secured Party not less than sixty (60) days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Secured Party may reasonably request, and (ii) with respect to such new location, it shall have taken all action satisfactory to the Secured Party as the Secured Party may reasonably request to maintain the security interest of the Secured Party in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

4.3 Change of Location of Inventory and Equipment. The Assignor agrees that (i) all Inventory and Equipment now held or subsequently acquired by it shall be kept at (or shall be in transport to) any one of the locations shown on Schedule V, or such new location as the Assignor may establish in accordance with the last sentence of this Section. The Assignor may establish a new location for Inventory and Equipment only if (i) it shall have given to the Secured Party not less than sixty (60) days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Secured Party may reasonably request, and (ii) with respect to such new location, it shall have taken all action satisfactory to the Secured Party as the Secured Party may reasonably request to maintain the security interest of the Secured Party in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

4.4 Change of Name; Identity or Corporate Structure. The Assignor shall not change its name or conduct any significant portion of its business under any new tradename, identity or corporate structure until (i) it shall have given to the Secured Party not less than sixty (60) days' prior written notice of its intention to do so, clearly describing such new name, identity or corporate structure or such new tradename and providing such other information in connection therewith as the Secured Party may reasonably request, and (ii) with respect to such new name, identity or corporate structure or such new tradename, it shall have taken all action satisfactory to the Secured Party as the Secured Party may reasonably request to maintain the security interest of the Secured Party in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

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4.5 Delivery of Instruments. If any Instrument shall at any time comprise any portion of the Collateral, the Assignor shall within ten (10) days notify the Secured Party thereof, and upon request by the Secured Party promptly deliver such Instrument to the Secured Party appropriately endorsed or assigned or to the order of the Secured Party or in such other manner as shall be satisfactory to the Secured Party.

4.6 Delivery of Chattel Paper. If Chattel Paper shall at any time comprise any portion of the Collateral, the Assignor shall within ten (10) days notify the Secured Party thereof, and upon request by the Secured Party promptly deliver such Chattel Paper to the Secured Party.

4.7 Maintain and Mark Records and Receivables. The Assignor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, but not limited to, the originals of all documentation with respect to all Receivables and records of all payments received and all credits granted on the Receivables, all merchandise returned and all other dealings therewith. The Assignor shall legend, in form and manner reasonably satisfactory to the Secured Party all Chattel Paper and other evidence of Receivables, as well as the Receivables Records with an appropriate reference to the fact that the Chattel Paper and all other Receivables have been assigned to the Secured Party and that the Secured Party has a security interest therein.

4.8 Right of Inspection. The Secured Party shall at all times have during normal business hours and, prior to an Event of Default, upon reasonable notice, full and free access to all the books, correspondence and records of the Assignor, and the Secured Party and its respective representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Assignor agrees to render to the Secured Party, at the Assignor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Secured Party and its respective representatives shall at all times also have during normal business hours and, prior to an Event of Default, upon reasonable notice, the right to enter and inspect any property of the Assignor.

4.9 Insurance. (a) The Assignor shall maintain or cause to be maintained with financially sound and reputable insurers acceptable to the Secured Party and licensed to do business in each state in which any of the Collateral covered by any policy is located, insurance with respect to the Collateral and its use, against loss or damage of the kinds customarily insured against by reputable companies in the same or similar businesses, such insurance to be of such types and in such amounts (with such deductible amounts) as is customary for such companies under the same or similar circumstances, and the types, amounts and types of which shall, in any event, be acceptable to the Secured Party. Without limiting the generality of the foregoing, the Assignor (a) will keep the Collateral insured on an "all risk" basis, as appropriate for any particular Collateral against loss or damage by fire, standard extended coverage perils and such other hazards, occurrences and events as are customary to insure against in the same or similar businesses in amounts not less than the replacement cost of the Collateral, and (b) will maintain general public liability insurance against claims for bodily injury, death or property damage in

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such an amount customarily obtained by companies in the same or similar businesses, but in no event providing coverage not less than $1,000,000 per occurrence and $3,000,000 in the aggregate. The Assignor shall not obtain or carry separate insurance concurrent in form or contributing in the event of loss with that required in this Section to be furnished by the Assignor unless the Secured Party is included as named insured, with loss payable as provided herein. All policies of insurance shall (i) name the Secured Party as additional insured (with respect to liability insurance policies) or loss payees with a lender's loss payable endorsement and a standard "New York" mortgagee provision with a no contribution clause (with respect to property insurance policies), in each case as its interests may appear, (ii) include waivers by the insurer of all claims for insurance premiums against the Secured Party , (iii) provide that any losses shall be payable to the Secured Party notwithstanding (A) any act, failure to act or negligence of or violation of warranties, declarations or conditions contained in such policy by the Assignor or the Secured Party, (B) any foreclosure or other proceedings or notice of sale relating to any Collateral insured thereunder, or (C) any change in the title to or ownership of any Collateral insured thereunder, and (iv) provide that no cancellation, termination or lapse in coverage thereof shall be effective until at least thirty (30) days after receipt by the Secured Party of written notice thereof. The Assignor shall pay the premiums for all policies of insurance as the same become due and payable and shall deliver evidence thereof to the Secured Party. A certificate of insurance for each of the policies of insurance shall be issued to the Secured Party, and copies of all original policies, certified to the Secured Party by the insurance company or authorized agent as being true and complete copies, together with the endorsements thereof required hereunder, shall be delivered to the Secured Party concurrently with the execution and delivery of this Security Agreement. Not later than thirty (30) days prior to the expiration date of each of the policies, the Assignor will deliver to the Secured Party a renewal policy or policies or certificates of insurance to the Secured Party accompanied by evidence of payment of premiums satisfactory to the Secured Party. If at any time the Secured Party is not in receipt of written evidence that all insurance required hereunder is in full force and effect, the Secured Party shall have the right, without notice to the Assignor, to take such action as the Secured Party reasonably deems necessary to protect its interest in the Collateral, including, without limitation, the payment of any premiums that are due and payable or the obtaining of such insurance coverage as the Secured Party in its sole discretion deems appropriate, and all expenses incurred by the Secured Party in connection with such action or in obtaining such insurance and keeping it in effect, together with interest thereon at the default rate of interest due on amounts owned under the Facility Agreements, shall be paid by the Assignor to the Secured Party upon demand and such payment obligations shall be secured hereby.

(b) If the Collateral shall be damaged or destroyed, in whole or in part, by fire or other casualty, the Assignor shall give prompt notice thereof to the Secured Party. No settlement on account of any loss covered by insurance shall be made for less than fair market value without the consent of the Secured Party. Except with respect to third party liability insurance, sums paid to the Assignor by any insurer shall be paid to the Secured Party. Insurance proceeds received by the Secured Party shall, so long as no Event of Default shall have occurred and be continuing, be made available to the Assignor for repair or replacement of the Collateral in accordance with Secured Party's policies therefor. All insurance proceeds may otherwise be

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retained and applied by the Secured Party toward payment of all or part of the Secured Obligations in such order as Secured Party shall elect. If any portion of the insurance proceeds are made available to the Assignor, the Secured Party shall not be obligated to see to the proper application of any amount paid to the Assignor.

4.10 Receivables. (a) The Assignor shall perform all of its obligations with respect to the Receivables.

(b) Other than in the ordinary course of business as generally conducted by it on and prior to the date hereof, or if an Event of Default shall have occurred, the Assignor shall not (v) amend, modify, terminate or waive any provision of any Receivable in any manner which could reasonably be expected to adversely affect the value of such Receivable as Collateral, (w) grant any extension or renewal of the time of payment of any Receivable, (x) compromise or settle any dispute, claim or legal proceeding with respect to any Receivable for less than the total unpaid balance thereof, (y) release, wholly or partially, any Person liable for the payment thereof, or (z) allow any credit or discount thereon.

(c) The Assignor shall use its best efforts (including, without limitation, prompt and diligent exercise of each material right it may have under any Receivable (other than any right of termination)) to cause to be collected from each Account Debtor, as and when due (including, without limitation, amounts which are delinquent, such amounts to be collected in accordance with generally accepted lawful collection procedures) any and all amounts owing under or on account of any Receivable, and apply all collected amounts to the outstanding balance of such Receivable immediately upon receipt thereof. The costs of collection, whether incurred by the Assignor or the Secured Party shall be paid by the Assignor and if incurred by the Secured Party shall be reimbursed, together with interest thereon at the default rate of interest due on amounts owed under the Facility Agreements to the Secured Party upon demand and such reimbursement obligation shall be secured hereby.

4.11 Material Contracts. (a) The Assignor shall perform in all material respects all of its obligations under each Material Contract.

(b) The Assignor shall deliver promptly to the Secured Party, a copy of each material demand, notice or document received by it relating in any way to any Material Contract.

(c) Without the prior written consent of the Secured Party, the Assignor shall not amend, modify, terminate or supplement any provision of any Material Contract or compromise or settle any dispute, claim or legal proceeding with respect to any Material Contract, in any such case in any manner which could reasonably be expected to materially adversely affect the value of such Material Contract as Collateral and shall not terminate any Material Contract. Each such permitted amendment, modification, termination, supplement, compromise, or

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settlement shall be in writing, a copy of which shall be delivered promptly to the Secured Party .

(d) The Assignor shall promptly and diligently exercise each material right it may have under any Material Contract (except the right of termination). All costs and expenses in connection therewith, whether incurred by the Assignor or the Secured Party shall be borne by the Assignor and if incurred by the Secured Party shall be reimbursed, with interest thereon at the default rate of interest due on amounts owed under the Facility Agreements, upon demand by the Secured Party and such obligation to reimburse shall be secured hereby.

4.12 Warehouse Receipts Non-negotiable. The Assignor agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt or other Document is issued with respect to any of its Inventory, such warehouse receipt or receipt in the nature thereof or other Document shall not be "negotiable" (as such term is used in § 7-104 of the UCC or under other relevant law).

4.13 Motor Vehicles. Within the number of days permitted by the applicable jurisdiction for delivery or filing in order to perfect a security interest as of the time of its creation, if after the date hereof the Assignor shall acquire any Motor Vehicle or any other item of property the title to which is governed by a certificate of title or ownership, the Assignor shall file in each office in each jurisdiction or deliver to each person which the Secured Party shall deem necessary or advisable to perfect its first priority security interest in such Motor Vehicles or other property, all applications or certificates of title or ownership indicating the Secured Party's first priority Lien on the Motor Vehicle or other property covered by such certificate, and any other necessary documentation as soon as practicable thereafter, and Assignor shall deliver to the Secured Party originals of the certificates of title or ownership for such Motor Vehicles or other property with the Secured Party listed as lienholder, together with the manufacturer's statement of origin; provided, however, if the Motor Vehicle or other property acquired is subject to a purchase money security interest permitted by the Facility Agreements, the Secured Party shall be listed as a junior lienholder to the Person holding such purchase money security interest.

No Motor Vehicle or other property shall be removed from the state which has issued a certificate of title therefor for a Period equal to or in excess of four months except for the purpose of reregistering such Motor Vehicle or other property, in which case the Assignor shall take all steps necessary to continue the perfection and priority of the Secured Party's Lien on such Motor Vehicle or other property.

4.14 Compliance with Laws. The Assignor will comply in all material respects with all requirements of law applicable to the Collateral or any part thereof or to the operation of the Assignor's business.

4.15 Payment of Obligations. The Assignor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims

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for labor, materials, supplies and services) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve, in the sole opinion of the Secured Party, any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Assignor's books in accordance with GAAP.

4.16 No Impairment. The Assignor will not take or permit to be taken any action which could impair the Secured Party's rights in the Collateral.

4.17 Negative Pledge. The Assignor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than the Liens created hereby and other than the Permitted Liens and will defend the right, title and interest of the Secured Party in and to any of the Collateral against the claims and demands of all Persons whomsoever.

4.18 Limitations on Dispositions of Collateral. Except as permitted in the Facility Agreements, the Assignor will not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except for (a) sales of Inventory in the ordinary course of its business and (b) so long as no Event of Default has occurred, the disposition in the ordinary course of business of items of Equipment and Motor Vehicles which have become worn out or obsolete.

4.19 Maintenance of Equipment. The Assignor will maintain each item of Equipment and each Motor Vehicle in good operating condition, ordinary wear and tear excepted, and will provide all maintenance, service and repairs necessary for such purpose.

4.20 Notice. The Assignor will advise the Secured Party promptly, in reasonable detail, in accordance with the provisions hereof (a) of any Lien (other than Permitted Liens) on, or claim asserted against any of the Collateral, and (b) of the occurrence of any other Event of Default.

4.21 Performance by Secured Party of Assignor's Obligations; Reimbursement. If the Assignor fails to perform or comply with any of its agreements contained herein the Secured Party may, without notice to or consent by the Assignor, perform or comply or cause performance or compliance therewith and the expenses of the Secured Party incurred in connection with such performance or compliance, together with interest thereon at the default rate of interest due on amounts owned under the Facility Agreements, shall be payable by the Assignor to the Secured Party on demand and such reimbursement obligation shall be secured hereby.

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ARTICLE 5

SPECIAL PROVISIONS REGARDING RECEIVABLES AND CONTRACTS

5.1 Assignor Remains Liable under Receivables and Contracts. Anything herein to the contrary notwithstanding (including without limitation, the grant of any rights to the Secured Party), the Assignor shall remain liable under each of the Receivables and Contracts and shall observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Receivable or Contract. The Secured Party shall not have any obligation or liability under any Receivable (or any agreement giving rise thereto) or Contract by reason of or arising out of this Security Agreement or the receipt by the Secured Party of any payment relating to such Receivable or Contract pursuant hereto, nor shall the Secured Party be obligated in any manner to perform any of the obligations of the Assignor under or pursuant to any Receivable (or any agreement giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Receivable (or any agreement giving rise thereto) or under any Contract, to present or file by claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

5.2 Notice to Account Debtors and Contracting Parties. At any time after an Event of Default has occurred and is continuing, (a) the Secured Party may, and upon request of the Secured Party the Assignor shall, notify Account Debtors and parties to the Contracts that the Accounts and the Contracts have been assigned to the Secured Party and that payments in respect thereof shall be made directly to the Secured Party, and (b) the Secured Party may in its own name or in the name of others communicate with Account Debtors and parties to the Contracts to verify with them to its satisfaction the existence, amount and terms of any Receivables or Contracts.

5.3 Collections on Receivables and Contracts. The Secured Party hereby authorizes the Assignor at any time after an Event of Default has occurred and is continuing to collect the Receivables and Contracts, subject to the Secured Party's direction and control, and the Secured Party may curtail or terminate said authority at any time and itself, or by its agents, collect all Receivables and amounts owing under Contracts. If required by the Secured Party at any time after an Event of Default has occurred and is continuing, any payments of Receivables and Contracts, when collected by the Assignor, shall be forthwith (and, in any event, within two Business Days) delivered by the Assignor to the Secured Party in the exact form received, duly endorsed by the Assignor to the Secured Party if required, for deposit in the Collateral Account, and, until so turned over, shall be held by the Assignor in trust for the Secured Party, segregated from other funds of the Assignor. All Proceeds, while held by the Secured Party (or by the Assignor in trust for the Secured Party) shall continue to be Collateral for all of the Secured Obligations and shall not constitute payment thereof until applied as hereinafter provided.

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ARTICLE 6

COLLATERAL ACCOUNT

6.1 Collateral Account. All Deposit Accounts owned by the Assignor are described in and located at the places listed on Schedule VIII, which Schedule lists, for each Deposit Account, the account number and name and address of the relevant bank (such banks being referred to as the "Cash Concentration Banks" and such account being referred to as the "Cash Concentration Accounts"). The Cash Concentration Accounts are now, and will remain, the sole accounts for the deposit of cash, checks and similar instruments, and Receivables and the Proceeds thereof, of the Assignor. Within ten (10) days after demand by the Secured Party, the Assignor will deliver to the Secured Party, and cause to be maintained in full force and effect, a letter agreement, in form and substance satisfactory to the Secured Party (a "Cash Concentration Letter") from each Cash Concentration Bank, if any, and executed by such Cash Concentration Bank and the Assignor, by which, inter alia, (A) such Cash Concentration Bank acknowledges for the benefit of the Secured Party that all the Assignor's Deposit Accounts with such Cash Concentration Bank are subject to the first priority Lien hereunder, waives all Liens or set-off rights thereto (other than for account fees) and agrees to transfer all amounts on deposit therein to the Bank on demand from time to time by the Secured Party (without the need for any action by the Assignor) after the occurrence of an Event of Default, and (B) the Assignor and such Cash Concentration Bank agree for the benefit of the Secured Party that such Cash Concentration Accounts shall be maintained in the name of the Assignor but for the benefit of, and under the sole dominion and control of, the Secured Party and in such form and title as the Secured Party may specify and subject to its rights and remedies set forth in this Security Agreement, and that, upon demand by the Secured Party, such Cash Concentration Account shall be converted to a lock-box account (subject to a lock-box agreement in form and substance reasonably satisfactory to the Secured Party pursuant to which, inter alia, the Assignor shall agree to deposit, and to notify and cause all account debtors and other obligors with respect to Receivables to deposit all Proceeds of Receivables directly into such lock-box account) into which all checks and other Instruments, Money and other Proceeds of Receivables shall be deposited on terms reasonably satisfactory to the Secured Party. The Assignor shall not make any deposit of cash or other property in any "deposit account" as defined in the UCC other than a Deposit Account that is listed on Schedule VIII and, after demand therefor by the Secured Party as provided above, as to which an effective Cash Concentration Letter in favor of the Secured Party exists in any account.

6.2 Investment of Balance in Collateral Accounts. Amounts credited to any Collateral Account shall be invested from time to time in such investments as the Assignor (or, after the occurrence of an Event of Default, the Secured Party) shall determine, which investments shall be held in the name and be under the control of the Secured Party. All such investments or evidence thereof shall be subjected to the first priority perfected Lien of the Secured Party and the Assignor shall not make any investment unless such Lien shall be so perfected.

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ARTICLE 7

POWER OF ATTORNEY

7.1 Secured Party's Appointment as Attorney-in-Fact. (a) The Assignor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Assignor and in the name of the Assignor or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Assignor hereby gives the Secured Party the power and right, on behalf of the Assignor, without notice to or assent by the Assignor, to do the following:

(i) in the case of any Receivable, at any time when the authority of the Assignor to collect the Receivables has been curtailed or terminated pursuant hereto, or in the case of any other Collateral, at any time when any Event of Default shall have occurred; in the name of the Assignor or its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under, or with respect to, any Collateral; in the name of the Assignor or otherwise to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Secured Party or as the Secured Party shall direct; to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims any other amounts due or to become due at any time in respect of or arising out of any Collateral;

(ii) to prepare, sign using any symbol that the Secured Party may adopt to signify the Assignor's intent to authenticate and file any Uniform Commercial Code financing statements in the name of the Assignor as debtor in any form authorized by an applicable filing office, including, without limitation, by facsimile or electronic data transmission;

(iii) to take or cause to be taken all actions necessary to perform or comply or cause performance or compliance with the terms of this Security Agreement, including, without limitation, actions to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, to effect any repairs or obtain any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(iv) upon the occurrence of any Event of Default, (a) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (b) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (c) to defend any suit, action or proceeding brought against the

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Assignor with respect to any Collateral; (d) to settle, compromise or adjust any suit, action or proceeding described in the preceding clause and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; and (e) generally, to sell or transfer and make any agreement with respect to or otherwise deal with any of the Collateral as finally and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the Assignor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Liens of the Secured Party thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Assignor might do; and

(v) at any time and from time to time, to execute, in connection with any foreclosure, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

The Assignor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

The Assignor hereby acknowledges and agrees that in acting pursuant to this power-of-attorney the Secured Party shall be acting in its own interest and the Assignor acknowledges and agrees that Secured Party shall not have any fiduciary duties to the Assignor and the Assignor hereby waives any claims to the rights of a beneficiary of a fiduciary relationship hereunder.

(b) No Duty on the Part of The Secured Party. The powers conferred on the Secured Party hereunder are solely to protect the interests of the Secured Party in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Assignor for any act or failure to act hereunder, except in connection with actions directly resulting from the gross negligence or willful misconduct of the Secured Party or its officers, directors, employees or agents as determined by a court of competent jurisdiction, which determination shall not be subject to appeal.

ARTICLE 8

REMEDIES; RIGHTS UPON DEFAULT

8.1 Rights and Remedies Generally. If an Event of Default shall occur, then and in every such case, the Secured Party shall have all the rights of a secured party under the UCC, shall have all rights now or hereafter existing under all other applicable laws, and subject to any mandatory requirements (under applicable law then in effect) shall have with respect to the Collateral all the rights set forth in this Security Agreement, any Security Documents and any

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other agreement between the parties. No enumeration of rights in this Article or elsewhere in this Security Agreement or in any related document or other agreement shall be deemed to in any way limit the rights of the Secured Party as described in this Section.

8.2 Proceeds. If an Event of Default shall occur, in addition to all other rights and remedies of the Secured Party hereunder: (a) all Proceeds received by the Assignor consisting of cash, checks and other near-cash items shall be held by the Assignor in trust for the Secured Party, segregated from other funds of the Assignor and shall forthwith upon receipt by the Assignor be turned over to the Secured Party, in the same form received by the Assignor (appropriately endorsed or assigned by the Assignor) to the order of the Secured Party or in such other manner as shall be satisfactory to the Secured Party;

(b) any and all such Proceeds received by the Secured Party (whether from the Assignor or otherwise), or any part thereof, may, in the sole discretion of the Secured Party, be held by the Secured Party in the Collateral Account as Collateral hereunder and/or then or at any time or from time to time thereafter, be applied by the Secured Party against the Secured Obligations (whether matured or unmatured), in such order as the Secured Party may elect; and

(c) any balance of such Proceeds remaining after the Secured Obligations shall have been paid and performed in full and the commitments of the Secured Party under the Facility Agreements shall have been terminated, shall be paid over to the Assignor or to whomsoever may lawfully be entitled to receive the same or as a court of competent jurisdiction may direct.

8.3 Collection of Receivables. If an Event of Default shall occur: (a) the Secured Party may instruct the obligor or obligors on any obligation owing or purporting to be owed to the Assignor constituting the Collateral (including, without limitation, the Receivables and any other agreement, Instrument or Contract) to make any payment required by the terms of such obligation directly to the Secured Party;

(b) the Secured Party shall have the right from time to time to modify (including, without limitation, to extend the time for payment or arrange for payment in installments) or waive rights under any such obligation and to compromise or settle counterclaims or setoffs with the obligor under any such obligation; and

(c) any and all of such proceeds of such collections paid to the Secured Party, or any part thereof, (after deduction of the Secured Party's expenses of collection, including, without limitation, reasonable attorneys fees and disbursements) may, in the sole discretion of the Secured Party, be held by the Secured Party in the Collateral Account as Collateral hereunder and/or then or at any time or from time to time thereafter, be applied by the Secured Party against the Secured Obligations (whether matured or unmatured) in such order as the Secured Party may elect. Any balance of such collections remaining after the Secured Obligations have been paid and performed in full, and the commitments of the Secured Party under

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the Facility Agreements shall have been terminated, shall be paid over to the Assignor or to whomsoever may lawfully be entitled to receive the same or as a court of competent jurisdiction may direct.

8.4 Direct Assignor to Dispose Of Collateral. If an Event of Default shall occur: (a) the Secured Party may direct the Assignor to sell, assign or otherwise liquidate or dispose of all or from time to time any portion of the Collateral, and the Assignor shall do so, and the Secured Party may, at its option, take possession of the Proceeds of such Collateral. The Secured Party may direct the Assignor to direct that all Proceeds of such Collateral be paid directly to the Secured Party or may permit the Proceeds of such Collateral to be paid to the Assignor and if directed by the Secured Party all such Proceeds consisting of cash, checks, or near-cash items shall be held by the Assignor in trust for the Secured Party, segregated from other funds of the Assignor and shall forthwith upon receipt by the Assignor, be turned over to the Secured Party, in the same form received by the Assignor (appropriately endorsed or assigned by the Assignor) to the order of the Secured Party or in such other manner as shall be satisfactory to the Secured Party; and

(b) any and all such Proceeds received by the Secured Party (whether from the Assignor or otherwise), may, in the sole discretion of the Secured Party be held by the Secured Party in the Collateral Account as Collateral hereunder and/or then or at any time or from time to time thereafter, be applied by the Secured Party against the Secured Obligations (whether matured or unmatured) in such order as the Secured Party may elect. Any balance of such Proceeds remaining after the Secured Obligations have been paid and performed in full, and the commitments of the Secured Party under the Facility Agreements shall have been terminated, shall be paid over to the Assignor or to whomever may lawfully be entitled to receive the same or as a court of competent jurisdiction may direct.

8.5 Collateral Account. If an Event of Default shall occur, the Secured Party may liquidate any securities credited to the Collateral Account (including any investments therein) and apply the proceeds thereof and any other amounts credited to the Collateral Account to the Secured Obligations (whether matured or unmatured) in such order as the Secured Party may elect. Any balance of such Proceeds remaining after the Secured Obligations have been paid and performed in full, and the commitments of the Secured Party under the Facility Agreements shall have been terminated, shall be paid over to the Assignor or to whomsoever may lawfully be entitled to receive the same or as a court of competent jurisdiction may direct.

8.6 Possession of Collateral. If an Event of Default shall occur: (a) the Secured Party may, personally or by agents or attorneys, immediately retake possession of the Collateral (including the originals of all or any Receivables Records) or any part thereof, from the Assignor or any other Person who then has possession of any part thereof with or without notice or judicial process, and for that purpose may enter upon the Assignor's premises where any of the Collateral is located and remove the same and may use in connection with such removal any and all services, supplies, aids and other facilities of the Assignor;

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(b) upon ten (10) days notice to the Assignor, the Assignor shall, at its own expense, assemble the Collateral, including, without limitation, the originals of all Receivables Records (or from time to time any portion thereof) and make it available to the Secured Party by delivery to the Secured Party at any place or places designated by the Secured Party which is reasonably convenient to both parties, whether at the Assignor's or the Secured Party's premises or elsewhere. The Assignor, shall at its sole expense, store and keep any Collateral so assembled at such place or places pending further action by the Secured Party and while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain the Collateral in good condition. The Assignor's obligation so to assemble and deliver the Collateral is of the essence of this Security Agreement and, accordingly, upon application to a court of equity having jurisdiction, the Secured Party shall be entitled to a decree requiring specific performance by the Assignor of said obligation; and

(c) when Collateral is in the Secured Party's possession, (i) the Assignor shall pay (or reimburse the Secured Party on demand for) all reasonable expenses (including the cost of any insurance and payment of taxes or other charges) incurred in the custody, preservation, use or operation of the Collateral, and the obligation to reimburse all such expenses shall be secured hereby and (ii) the risk of accidental loss or damage shall be on the Assignor to the extent of any deficiency in any effective insurance coverage, except for any loss or damage directly resulting from the failure of the Secured Party to exercise reasonable care.

8.7 Disposition of the Collateral. If an Event of Default shall occur, the Secured Party may sell, assign, lease, give an option or options to purchase or otherwise dispose of the Collateral (or contract to do any of the foregoing) under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, at public or private sale or sales, conducted by any Officer, nominee or Secured Party of, or auctioneer or attorney for the Secured Party at any location of any third party conducting or otherwise involved in such sale or at the office of the Secured Party or elsewhere and in general in such manner, at such time or times and upon such terms and conditions and at such price as it may consider commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk. The Secured Party may in its sole discretion restrict prospective bidders as to their number, nature of their business and investment intention. Any of the Collateral may be sold, leased, assigned or options or contracts entered to do so, or otherwise disposed of, the condition in which the same existed when taken by the Secured Party or after any overhaul or repair which the Secured Party shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceeding shall be made upon not less than ten (10) days' written notice to the Assignor (which Assignor agrees to be commercially reasonable) specifying the time after which such disposition is to be made. Notwithstanding the forgoing, the Secured Party shall not be required to provide such ten (10) days' notice for any sale of Collateral which threatens to decline speedily in value or is of a type customarily sold on a recognized market. Any such disposition which shall be a public sale shall be made upon not less than ten (10) days' written notice to the Assignor (which the Assignor agrees to be commercially reasonable) specifying the time and place of such sale and, in the absence of applicable requirements of law

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to the contrary, shall be by public auction (which may, at the Secured Party's option, be subject to reserve), after publication of notice of such auction not less than ten (10) days prior thereto in two newspapers. To the extent permitted by applicable law, the Secured Party may bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to the Assignor (except to the extent of surplus money received). In the payment of the purchase price of the Collateral, the purchaser shall be entitled to have credit on account of the purchase price thereof of amounts owing to such purchaser on account of any of the Obligations and any such purchaser may deliver notes, claims for interest, or claims for other payment with respect to such Obligations in lieu of cash up to that amount which would, upon distribution of the net proceeds of such sale, be payable thereon. Such notes, if the amount payable hereunder shall be less than the amount due thereon, shall be returned to the holder thereof after being appropriately stamped to show partial payment. Notwithstanding the foregoing, if the Collateral or any portion thereof is perishable or threatens to decline speedily in value or is of a type customarily sold in a recognized market only such notice as shall be reasonably practicable shall be required.

8.8 Recourse. The Assignor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to satisfy the Secured Obligations. The Assignor shall also be liable for all expenses of the Secured Party incurred in connection with collecting such deficiency, including, without limitation, the fees and disbursements of any attorneys employed by the Secured Party to collect such deficiency.

8.9 Expenses, Attorneys Fees. The Assignor shall reimburse the Secured Party for all of its expenses in connection with the exercise of its rights hereunder, including without limitation all reasonable attorneys' fees and legal expenses incurred by each of them.

8.10 Application of Proceeds. The proceeds of any disposition of Collateral shall be applied as follows:

(a) to the payment of any and all expenses and fees (including reasonable attorneys' fees and disbursements) incurred by the Secured Party in connection with the exercise of its rights and remedies hereunder, including without limitation, expenses and fees in connection with obtaining, taking possession of, removing, holding, insuring, repairing, preparing for sale or lease, storing and disposing of Collateral;

(b) to the satisfaction of the Secured Obligations in such order as the Secured Party may elect;

(c) any other payment of any amount required to be paid to the Secured Party by law; and

(d) upon termination of the commitments of the Secured Party under the Facility Agreements, to Assignor or as a court of competent jurisdiction may otherwise direct.

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8.11 Limitation on Duties Regarding Preservation of Collateral. (a) The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under § 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Secured Party deals with similar property for its own account.

(b) The Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Collateral.

(c) Neither the Secured Party nor any of its directors, officers, employees or Secured Partys shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Assignor or otherwise.

8.12 Waiver of Claims. Except otherwise provided in this Security Agreement, **THE ASSIGNOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE SECURE PARTY'S TAKING POSSESSION OR THE SECURED PARTY'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH ASSIGNOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE**, and the Assignor hereby further waives, to the extent permitted by law:

(a) all damages occasioned by such taking of possession;

(b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Secured Party's rights hereunder;

(c) demand of performance or other demand, notice of intent to demand or accelerate, notice of acceleration presentment, protest, advertisement or notice of any kind to or upon the Assignor or any other Person; and

(d) all rights of redemption, appraisement, valuation, diligence, stay, extension or moratorium now or hereafter in force under any applicable law in order to delay the enforcement of this Security Agreement, the absolute sale of the Collateral or any portion thereof and the Assignor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

8.13 Discontinuance of Proceedings. In case the Secured Party shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Secured Party, then and in every such case the Assignor and the Secured Party shall be returned to their former positions

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and rights hereunder with respect to the Collateral subject to the security interest created under this Security Agreement, and all rights, remedies and powers of the Secured Party shall continue as if no such proceeding had been instituted.

ARTICLE 9

INDEMNITY

9.1 Indemnity. (a) The Assignor agrees to indemnify, reimburse and hold the Secured Party, and each of its officers, directors, employees, representatives and agents (hereinafter in this Section referred to individually as "Indemnitee" and collectively as "Indemnitees") harmless from any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses or disbursements (including reasonable attorneys' fees and expenses) (for the purposes of this Section the foregoing are collectively called "expenses") for whatsoever kind or nature which may be imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Security Agreement or the documents executed in connection herewith or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of or the preservation of any rights hereunder, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability or for or on account of injury to or the death of any Person (including any Indemnitee) or for property damage) or any contract claim. The Assignor agrees that upon written notice by any Indemnitee of any assertion that could give rise to an expense, the Assignor shall assume full responsibility for the defense thereof, except that Indemnitee shall be entitled to participate in the defense thereof with its own separate counsel and receive copies of all pleadings and other papers in connection therewith if Indemnitee shall have reasonably determined that there may be one or more defenses available to it which are different from or in addition to those available to Assignor, or if Indemnitee shall have any claims, counterclaims or defenses which could conflict with any claims, counterclaims or defenses of Assignor. Each Indemnitee agrees to use its best efforts to promptly notify the Assignor of any such assertion of which such Indemnitee has knowledge, except that the failure to do so shall in no way limit or reduce any of Assignor's obligations hereunder.

(b) Without limiting the application of clause (a) of this Section, the Assignor agrees to pay, or reimburse the Secured Party for any and all fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Secured Party's Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection

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with protecting, maintaining or preserving the Collateral and the Secured Party's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

(c) Without limiting the application of clauses (a) or (b) of this Section, the Assignor agrees to pay, indemnify and hold each Indemnitee harmless from and against any expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by the Assignor in this Security Agreement, the Subsidiary Guaranty, any other Financial Documents any other related document, or in any statement or writing contemplated by or made or delivered pursuant to or in connection with this Security Agreement.

(d) If and to the extent that the obligations of the Assignor under this Section are unenforceable for any reason, Assignor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

9.2 Indemnity Obligations Secured by Collateral, Survival. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Collateral. The indemnity obligations of the Assignor contained in this Article shall continue in full force and effect notwithstanding the full payment and performance of the Secured Obligations and notwithstanding the discharge thereof and termination of this Security Agreement.

ARTICLE 10

MISCELLANEOUS

10.1 Governing Law; Submission to Jurisdiction. (a) **THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CONFLICT OF LAWS PRINCIPLES.**

(b) Any legal action or proceeding with respect to this Security Agreement and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Security Agreement, the Assignor hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any thereof. The Assignor irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, the Assignor at its address set forth under its signature below. The Assignor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or

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proceedings arising out of or in connection with this Security Agreement brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of the Secured Party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Assignor in any other jurisdiction.

10.2 Limitation of Liability. No claim may be made by the Assignor or any other Person against the Secured Party, or the affiliates, directors, officers, employees, attorneys or Secured Partys thereof, for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Security Agreement, or any act, omission or event occurring in connection therewith; and the Assignor hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

10.3 Notices. Except as otherwise expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy, telex, or cable communication), and shall be deemed to have been duly given or made when delivered by hand, or five (5) Business Days after being deposited in the United States mail, postage prepaid, or, in the case of telex notice, when sent, answerback received, or, in the case of telecopy notice, when sent, or, in the case of a nationally recognized overnight courier service, two (2) Business Days after delivery to such courier service, addressed, in the case of each party hereto, at its address specified opposite its signature below, or to such other address as may be designated by any party in a written notice to the other party hereto, provided that notices and communications to the Secured Party shall not be effective until received by the Secured Party. Any notice required to be delivered to the Secured Party shall be delivered to it in accordance with the provisions hereof at its address set forth in the Facility Agreements. Any notice required to be delivered to the Assignor shall be delivered to the Parent in accordance with the provisions hereof at the Parent's address set forth in the Facility Agreements.

10.4 Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of the Assignor, the Secured Party, all future holders of the Secured Obligations and their respective successors and assigns, except that the Assignor may not assign or transfer any of its rights or obligations under this Security Agreement without the prior written consent of the Secured Party. The Secured Party may assign its rights hereunder together with the rights under the Facility Agreements in accordance with the Facility Agreements and the Secured Party may grant participations in its rights hereunder.

10.5 Waivers and Amendments. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Assignor and the Secured Party, provided that any provision of this Security Agreement that is solely for the benefit of the Secured Party may be waived by the

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Secured Party in a written letter or agreement executed by the Secured Party or by telex or facsimile transmission from the Secured Party. Any such amendment, supplement, modification or waiver shall be binding upon the Assignor, the Secured Party and all future holders of the Secured Obligations. In the case of any waiver, the Assignor and the Secured Party shall be restored to their former position and rights hereunder and under the outstanding Secured Obligations, and any Default or Event of Default waived shall be deemed to be cured and not continuing, but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

10.6 No Waiver; Remedies Cumulative. No failure or delay on the part of the Secured Party in exercising any right, power or privilege hereunder and no course of dealing between the Assignor and the Secured Party shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any future occasion. The rights and remedies herein expressly provided are cumulative and may be exercised singly or concurrently and as often and in such order as the Secured Party deems expedient and are not exclusive of any rights or remedies which the Secured Party would otherwise have whether by agreement or now or hereafter existing under applicable law. No notice to or demand on the Assignor in any case shall entitle the Assignor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Secured Party to any other or further action in any circumstances without notice or demand.

10.7 Termination; Release. When the Secured Obligations have been indefeasibly paid and performed in full and after termination of the commitment of the Secured Party under the Facility Agreements, this Security Agreement shall terminate, and the Secured Party, at the request and sole expense of the Assignor, will execute and deliver to the Assignor the proper instruments (including Uniform Commercial Code termination statements) acknowledging the termination of this Security Agreement, and will duly assign, transfer and deliver to the Assignor, without recourse, representation or warranty of any kind whatsoever, such of the Collateral as may be in possession of the Secured Party and has not theretofore been disposed of, applied or released; provided, that the Secured Party's security interest created hereunder shall continue to be effective or reinstated, as the case may be, if at any time payment, or any part thereof, of the Secured Obligation is rescinded or must otherwise be restored by the Secured Party to the Assignor upon the bankruptcy or reorganization of the Parent, the Assignor or otherwise.

10.8 Counterparts. This Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

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10.9 Headings Descriptive. The headings of the several Sections and subsections of this Security Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Security Agreement.

10.10 Marshaling. The Secured Party shall not be under any obligation to marshal any assets in favor of the Assignor or any other Person or against or in payment of any or all of the Secured Obligations.

10.11 Severability. In case any provision in or obligation under this Security Agreement or the Secured Obligations 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.

10.12 Survival. All indemnities set forth herein shall survive the termination of this Security Agreement and the making and repayment of the Secured Obligations.

10.13 Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

10.14 Waiver of Trial by Jury. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE ASSIGNOR AND THE SECURED PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY MATTER ARISING HEREUNDER.**

TRADEMARK
REEL: 001940 FRAME: 0499

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

LEWMAR MARINE, INC.

By: _____
Name:
Title:

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND

By: _____
Name: ERIC MORRISON GIBBS
Title: DIRECTOR OF CORPORATE BANKING.

Lewmar Marine Schedule I

Filing Offices

1. Town of Guilford, CT

2. Connecticut Secretary of State

Lewmar Marine Schedule II

List of Instruments

None.

Lewmar Marine Schedule III

Chief Executive Office and Other Control Locations

A. Chief Executive Office:

1. 351 New Whitfield Street
Guilford, CT 06437

B. Sales Offices:

1. 2050 B 34th Way
Largo, FL 36341

2. 2507 West Coast Highway
Suite 101
Newport Beach, CA 92663

Lewmar Marine Schedule IV

Copyrights, Patents, Trademarks and Tradenames

See attached.

MARKETING, INC.

Trademarks

Mark	Goods and Services	Class	Entry Code	Serial No.	Filed	Reg No.	Issued	Status
IBI	Marine electronics and equipment	009	US					Pending
IBI AND DESIGN	Marine electronics and equipment	009	US					Pending
IBI Logo	Marine equipment	009	US	74/258,856	03/25/92			Pending
IBI Logo			AU	576,307	06/18/92			Pending
IBI Logo			AU	576,308	06/18/92			Pending
IBI Logo			AU	576,309	06/18/92			Pending
IBI Logo			AU	622,276	02/10/94			Pending
IBI Logo			BX	777,630	03/16/92	528,956	03/16/92	Registered
IBI Logo			FR	92615646	06/17/92	92615646	06/17/92	Registered
IBI Logo (Class 7)			GB	1,494,531	03/17/92	01,494,531	03/17/92	Registered
IBI Logo (Class 9)			GB	1,494,532	03/17/92			Pending
IBI Logo			GB	1,494,533	03/17/92	01,494,533	03/17/92	Registered
IBI Logo (Class 7)			GB	1,494,518	03/17/92	1,494,518	03/17/92	Registered
IBI Logo			IT	[illegible]	04/03/92	637,071	12/20/94	Registered
IBI Logo			JP	114482/92	05/19/92			Pending
IBI Logo			NE	92-3053	03/30/92	266559	09/02/94	Registered
THE GLOBAL PERFORMAN	Marine electronics	009	US	74/161,527	06/29/91			Pending
THE GLOBAL PERFORMAN			FR	92615647	06/17/92	92615647	06/17/92	Registered
THE GLOBAL PREFORMAN			GB	1,494,519	03/17/92	1,494,519	03/17/92	Registered
THE GLOBAL PREFORMAN			GB	1,494,520	03/17/92	1,494,520	03/17/93	Registered

Lewmar Marine Schedule V

Locations of Inventory and Equipment

1. 351 New Whitfield Street
Guilford, CT 06437

Lewmar Marine Schedule VI

Motor Vehicles

A. Vehicles Owned:

None.

B. Vehicles Leased:

See attached.

Navtec, Inc.

hicles:

	Year/Make/Model	V.I.N.	Primary Driver/State
	1999CHEVYTAHOE	1GNEK13R6XJ407445	P. O'CONNELL CT
WED	1995DODGE RAM	1B7HC16X4SS181079	P. JASKOT CT
			VARIOUS OTHERS

PROXIMATE VALUE $5,500

Lewmar Marine (USA), Inc.

Year/Make/Model	V.I.N	Primary Driver/State
98 Toyota Sienna	4T3ZF13C1WU008338	R. Blanton CT
98 Toyota Sienna	4T3ZF13C8WU021619	G. Switlik FL
98 Toyota 4WD Pickup	JT4UN24D6W0052320	R. Rath CT
98 Toyota Camry	JT2BG22K3W0137434	R. Goodwin CT
99 Ford F150 Pickup	1FTZX1720XNA76931	W. Formon FL
98 Mercury Mountaineer	4M2ZU52P4WUJ08961	R. Davidson CA

Lewmar Marine Schedule VII

Permitted Liens

1. See Schedule IX (Equipment Leases).

Lewmar Marine Schedule VIII

Deposit Account Information

1. Fleet Bank
   157 Church Street
   New Haven CT 06510
   Acct #: 7082-7137

Lewmar Marine Schedule IX

List of Contracts

See attached.

Lewmar Marine USA
Contracts in force over $50K

Equipment Leases:			Value:
Pitney Bowes shipping System			82,875.00

Sales Orders:	Order No.	Cust PO	TOV
Eldorado National	U77376	38889	61,320.84
Team Dennis Conner	U73922	Bill Trinkle	115,830.00
Young America	U73260	Peter Wilson	131,403.00
Robert E. Derecktor	U71928	11925	135,624.04
	U76810	11925	28,354.00
Project Total			163,978.04
Robert E. Derecktor	U72639	11924	27,608.00
	U72640	11924	49,273.00
	U72725	11924	3,950.00
Project Total			80,831.00
Rigworks, Inc.	U74657	4357	27,738.00
	U74682	4357	25,226.00
	U74824	4357	32,782.00
	U75787	4357	295.25
Project Total			86,041.25
New England Boatworks	U74697	44882	46,941.92
	U74698	44883	14,437.50
	U74703	44881	75,391.75
	U74714	44884-1	2,475.00
Project Total			139,246.17
Swath Ocean Systems	U76540	18935	84,502.00
Catalina Yachts	U75035	128697	100,394.50
Catalina Yachts	U77043	129643	73,600.02
Catalina Yachts	U77044	129644	94,643.39
Hunter Marine	U77215	20579	64,445.63
Hunter Marine	U77216	20483	55,552.35
Four Winns	U77426	186946	50,420.60