FORM PTO-1594
(Rev. 6-93)
OMB No. 0651-0011 (exp. 4/94)
12-1-00

RECC 12-01-2000 EET

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

Tab settings ⇨ ⇨ ⇨ ▼ ▼ ▼ ▼ ▼

101534318

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
MICRO-IMAGE TECHNOLOGY LIMITED
22 CHAMBERS STREET, SUITE 201
PRINCETON, NJ 08542

MLD 11-31-00

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

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

2. Name and address of receiving party(ies)

Name: THE CHASE MANHATTAN BANK, AS ADMINISTRATIVE AGENT

Internal Address:

Street Address: 270 Park Avenue

City: NEW YORK State: NY ZIP: 10017

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

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

3. Nature of conveyance:

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

Execution Date: NOVEMBER 20, 2000

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

SEE ATTACHED SCHEDULE

Additional numbers attached? ☒ Yes ☐ No

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

Name: PENELOPE AGODOA

Internal Address: SUITE 101

Street Address: FEDERAL RESEARCH CORPORATION
400 SEVENTH ST., NW

City: WASHINGTON State: DC ZIP: 20004

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41).....$ 65-00

- ☐ Enclosed
- ☐ Authorized to be charged to deposit account

8. Deposit account number:

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

12/01/2000 DNGUYEN 00000169 1549679
01 FC:481 40.00 OP
02 FC:482 25.00 OP

DO NOT USE THIS SPACE

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

CHERYLYN BRANDT
Name of Person Signing

Signature

NOVEMBER 27, 2000
Date

Total number of pages including cover sheet, attachments, and document:

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

TRADEMARK/TRADE NAMES OWNED BY MICRO-IMAGE TECHNOLOGY LIMITED

U.S. Trademark Registrations

Mark	Reg. No.
MEGA	1,549,679
DESIGN ONLY	1,484,880

U.S. Trademark Applications

Not Applicable

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is dated as of November 20, 2000, and entered into by and among K-L SUB 2, INC., a Delaware corporation ("**Holdings**"), K-L SUB 3, INC., a Delaware corporation (the "**US Borrower**"), each of **THE UNDERSIGNED DIRECT AND INDIRECT SUBSIDIARIES** of the US Borrower (each such undersigned Subsidiary being a "**Subsidiary Grantor**" and collectively "**Subsidiary Grantors**") and each **ADDITIONAL GRANTOR** that may become a party hereto after the date hereof in accordance with subsection 8.14 hereof (each of Holdings, the US Borrower, each Subsidiary Grantor and each Additional Grantor being a "**Grantor**" and collectively the "**Grantors**"), and **THE CHASE MANHATTAN BANK** ("**Chase**"), as Administrative Agent for and representative of (in such capacity herein called "**Administrative Agent**") the financial institutions ("**Lenders**") party to the Credit Agreement referred to below.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, dated as of November 20, 2000, by and among the US Borrower, Citrusbay Limited, a company incorporated under the laws of England and Wales (the "**UK Borrower**" and, together with the US Borrower, the "**Borrowers**"), Holdings, K-L Sub 1, Inc., a Delaware corporation ("**PIK Holdco**"), K-L Holdings, Inc., a Delaware corporation ("**Parent**"), the Lenders, the Administrative Agent, Merrill Lynch & Co., as Syndication Agent, and Goldman Sachs Credit Partners L.P., as Documentation Agent (said Credit Agreement, and as it may hereafter be amended, restated, supplemented or otherwise modified from time to time, being the "**Credit Agreement**"), the Lenders made certain Commitments, subject to the terms and conditions set forth in the Credit Agreement, to extend certain credit facilities to the Borrowers;

WHEREAS, the Borrowers may from time to time enter, or may from time to time have entered, into one or more Hedge Agreements (collectively, the "**Lender Hedge Agreements**") with one or more Persons that are Lenders or Affiliates of Lenders at the time such Hedge Agreements are entered into (in such capacity, collectively, "**Interest Rate Exchangers**"), and it is desired that the obligations of the Borrowers under the Lender Hedge Agreements, including without limitation the obligation of the Borrowers to make payments thereunder in the event of early termination thereof, together with all obligations of the Borrowers and the Subsidiary Grantors under the Credit Agreement and the other Credit Documents, be secured hereunder;

WHEREAS, Holdings and the Subsidiary Grantors have executed and delivered the Guarantee, dated as of November 20, 2000 (the "**Guarantee**"), in favor of the Administrative Agent, for the ratable benefit of the Lenders, pursuant to which Holdings and each Subsidiary Grantor have guaranteed the prompt payment and performance when due of all obligations of the Borrowers under the Credit Agreement; and

WHEREAS, it is a condition precedent that the Grantors listed on the signature pages hereof shall have granted the Security Interests (as defined below) and undertaken the obligations contemplated by this Agreement.

TRADEMARK
REEL: 002186 FRAME: 0650

NOW, THEREFORE, in consideration of the premises, each Grantor hereby agrees with the Administrative Agent, for the ratable benefit of the Secured Parties, as follows:

SECTION 1. **DEFINED TERMS.**

1.1 **Definitions**. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The following terms shall have the following meanings:

"**Accounts**" shall mean any "accounts" as defined in the New York UCC and, in any event, shall include, without limitation, any and all right, title and interest of any Grantor to payment for goods and services sold or leased, including any such right evidenced by chattel paper, whether due or to become due, whether or not it has been earned by performance, and whether now or hereafter acquired or arising in the future, including accounts receivable from Affiliates of the Grantors.

"**Administrative Agent**" shall have the meaning assigned to such term in the recitals hereto.

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

"**Borrower Secured Obligations**" shall mean the unpaid principal of and interest on the Loans, an amount equal to Unpaid Drawings under all Letters of Credit, an amount equal to the maximum amount that may be drawn under all Letters of Credit and all other obligations and liabilities of the Borrowers (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Loans and after the Borrowers' respective obligations with respect to Letters of Credit have become due and payable and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding, relating to either of the Borrowers, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to any Secured Party, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of or in connection with, the Credit Agreement, this Agreement, the other Credit Documents, any Lender Hedge Agreement or any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders or to the Interest Rate Exchangers that are required to be paid by either of the Borrowers pursuant to the terms of any of the foregoing agreements).

"**Collateral**" shall have the meaning assigned to such term in Section 2.

"**Collateral Account**" shall mean any collateral account established by the Administrative Agent as provided in subsection 5.1.

"**Commodity Account**" shall mean an account maintained by a Commodity Intermediary in which a Commodity Contract is carried out for a Commodity Customer.

"**Commodity Contract**" shall mean a commodity futures contract, an option on a commodity futures contract, a commodity option or any other contract that, in each case, is (a) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to the federal commodities laws or (b) traded on a foreign commodity board of trade, exchange or market, and is carried on the books of a Commodity Intermediary for a Commodity Customer.

TRADEMARK
REEL: 002186 FRAME: 0651

"**Commodity Customer**" shall mean a person for whom a Commodity Intermediary carries a Commodity Contract on its books.

"**Commodity Intermediary**" shall mean (a) a person who is registered as a futures commission merchant under the federal commodities laws or (b) a person who in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities laws.

"**Copyrights**"shall mean (i) the copyrights listed in Schedule 10(A) of the Perfection Certificate, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, and (ii) the right to obtain all renewals thereof.

"**Copyright Licenses**" shall mean the written agreements naming a Grantor as licensor or licensee, which grant rights under a Copyright and are listed in Schedule 10(A) of the Perfection Certificate.

"**Entitlement Holder**" shall mean a person identified in the records of a Securities Intermediary as the person having a Security Entitlement against the Securities Intermediary. If a person acquires a Security Entitlement by virtue of Section 8-501(b)(2) or (3) of the New York UCC, such person is the Entitlement Holder.

"**Equipment**" shall mean any "equipment," as such term is defined in the New York UCC, now or hereafter owned by any Grantor and, in any event, shall include, but shall not be limited to, all machinery, equipment, furnishings, movable trade fixtures and vehicles now or hereafter owned by any Grantor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto; but excluding Equipment to the extent it is subject to a Permitted Lien and the terms of the Indebtedness securing such Permitted Lien prohibit assignment of, or granting of a security interest in, such Grantor's rights and interests therein; provided, that immediately upon the repayment of all Indebtedness secured by such Permitted Lien, such Grantor shall be deemed to have granted a Security Interest in all the rights and interests with respect to such Equipment.

"**Financial Asset**" shall mean (a) a Security, (b) an obligation of a person or a share, participation or other interest in a person or in property or an enterprise of a person that is, or is of a type, dealt with in or traded on financial markets, or that is recognized in any area in which it is issued or dealt in as a medium for investment or (c) any property that is held by a Securities Intermediary for another person in a Securities Account if the Securities Intermediary has expressly agreed with the other person that the property is to be treated as a Financial Asset under Article 8 of the New York UCC. As the context requires, the term Financial Asset shall mean either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated Security, a certificate representing a Security or a Security Entitlement.

"**Financial Officer**" shall mean the chief financial officer, principal accounting officer, treasurer or controller of the US Borrower.

"**General Intangibles**" shall mean all "general intangibles" as such term is defined in Section 9-106 of the New York UCC and, in any event, including, without limitation, with respect to any Grantor, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights of such Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of such Grantor to receive proceeds of any insurance, indemnity, warranty

TRADEMARK
REEL: 002186 FRAME: 0652

or guarantee with respect thereto, (c) all claims of such Grantor for damages arising out of any breach of or default under thereunder and (d) all rights of such Grantor to terminate, amend, supplement, modify or exercise rights or options thereunder, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder, in each case to the extent the grant by such Grantor of a Security Interest pursuant to this Agreement in its right, title and interest in any such contract, agreement, instrument or indenture is not prohibited by such contract, agreement, instrument or indenture without the consent of any other party thereto, would not give any other party to any such contract, agreement, instrument or indenture the right to terminate its obligations thereunder or is permitted with consent if all necessary consents to such grant of a Security Interest have been obtained from the other parties thereto (it being understood that the foregoing shall not be deemed to obligate such Grantor to obtain such consents); provided, that the foregoing limitation shall not affect, limit, restrict or impair the grant by such Grantor of a Security Interest pursuant to this Agreement in any Account or any money or other amounts due or to become due under any such contract, agreement, instrument or indenture.

"**Guarantor Secured Obligations**" shall mean, with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under, out of or in connection with this Agreement or any other Credit Document or any Lender Hedge Agreement to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Credit Document).

"**Guarantors**" shall mean each Grantor other than the US Borrower.

"**Grantor**" shall have the meaning assigned to such term in the recitals hereto.

"**Intellectual Property**" shall mean all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, (a) all information used or useful arising from the business including all goodwill, trade secrets, trade secret rights, know-how, customer lists, processes of production, ideas, confidential business information, techniques, processes, formulas and all other proprietary information, and (b) the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom, in each case to the extent the grant by such Grantor of a Security Interest pursuant to this Agreement in any such rights, priorities and privileges relating to intellectual property is not prohibited by any contract, agreement or other instrument governing such rights, priorities and privileges without the consent of any other party thereto, would not give any other party to any such contract, agreement or other instrument the right to terminate its obligations thereunder or is permitted with consent if all necessary consents to such grant of a Security Interest have been obtained from the relevant parties (it being understood that the foregoing shall not be deemed to obligate such Grantor to obtain such consents).

"**Interest Rate Exchangers**" shall have the meaning assigned to such term in the recitals hereto.

"**Inventory**" shall mean all "inventory" as such term is defined in Section 9-109(4) of the New York UCC and, in any event, shall include, without limitation, with respect to any Grantor, all goods, whether now owned or hereafter acquired, held for sale or lease, or furnished or to be furnished by such Grantor under contracts of service, or consumed in such Grantor's business, including, without limitation, raw materials, intermediates, work in process, packaging materials, finished goods, semi-finished inventory, scrap inventory, manufacturing supplies and spare parts and all such goods that have been returned to or repossessed by or on behalf of such Grantor.

TRADEMARK
REEL: 002186 FRAME: 0653

"**Investment Property**" shall mean all Securities (whether certificated or uncertificated), Security Entitlements, Securities Accounts, Commodity Contracts and Commodity Accounts of any Grantor, whether now or hereafter acquired by any Grantor, in each case to the extent the grant by a Grantor of a Security Interest therein pursuant to this Agreement in its right, title and interest in any such Investment Property is not prohibited by any contract, agreement, instrument or indenture governing such Investment Property without the consent of any other party thereto, would not give any other party to any such contract, agreement, instrument or indenture the right to terminate its obligations thereunder or is permitted with consent if all necessary consents to such grant of a Security Interest have been obtained from the other parties thereto (it being understood that the foregoing shall not be deemed to obligate such Grantor to obtain such consents).

"**Lender Hedge Agreements**" shall have the meaning assigned to such term in the recitals hereto.

"**License**" shall mean any Patent License, Trademark License, Copyright License or other license or sublicense to which any Grantor is a party.

"**Loan Parties**" means Holdings, the Borrowers, PIK Holdco, the Parent and the Subsidiary Grantors.

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

"**Patents**" shall mean (a) all letters patent which are referred to in Schedule 10(A) of the Perfection Certificate, all reissues and extensions thereof and all goodwill associated therewith, (b) all applications for letters patent, continuations and continuations-in-part thereof, which are referred to in Schedule 10(A) of the Perfection Certificate, and (c) all rights to obtain any reissues or extensions of the foregoing.

"**Patent License**" shall mean all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, which are referred to in Schedule 10(A) of the Perfection Certificate.

"**Perfection Certificate**" shall mean a Perfection Certificate delivered pursuant to the terms of the Credit Agreement.

"**Proceeds**" shall mean all "proceeds" as such term is defined in Section 9-306(1) of the New York UCC and, in any event, shall include, without limitation, with respect to any Grantor, any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral, any value received as a consequence of the possession of any Collateral and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property that constitutes Collateral, and shall include (a) all cash and negotiable instruments received by or held on behalf of the Administrative Agent, (b) any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (i) past, present or future infringement of any Patent now or hereafter owned by any Grantor, or licensed under a Patent License, (ii) past, present or future infringement or dilution of any Trademark now or hereafter owned by any Grantor or licensed under a Trademark License or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by any Grantor, (iii) past, present or future breach of any License and (iv) past, present or future infringement of any Copyright now or hereafter owned by any Grantor or licensed under a Copyright License and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

TRADEMARK
REEL: 002186 FRAME: 0654

"**Secured Obligations**" shall mean (a) in the case of each Borrower, its Borrower Secured Obligations and (b) in the case of each Guarantor, its Guarantor Secured Obligations.

"**Secured Parties**" shall mean (a) the Lenders, (b) the Administrative Agent, (c) the Syndication Agent, (d) the Documentation Agent, (e) any Interest Rate Exchangers and (f) any successors and assigns of each of the foregoing.

"**Securities**" shall mean any obligations of an issuer or any shares, participations or other interests in an issuer or in property or an enterprise of an issuer that (a) are represented by a certificate representing a security in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer, (b) are one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations and (c)(i) are, or are of a type, dealt with or traded on securities exchanges or securities markets or (ii) are a medium for investment and by their terms expressly provide that they are a security governed by Article 8 of the New York UCC.

"**Securities Account**" shall mean an account to which a Financial Asset is or may be credited in accordance with an agreement under which the person maintaining the account undertakes to treat the person for whom the account is maintained as entitled to exercise rights that comprise the Financial Asset.

"**Securities Intermediary**" shall mean (a) a clearing corporation or (b) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

"**Security Documents**" means this Agreement, the Pledge Agreement, the Guarantee, the Mortgages and each other security agreement or other instrument or document executed and delivered to secure any of the Secured Obligations.

"**Security Entitlements**" shall mean the rights and property interests of an Entitlement Holder with respect to a Financial Asset.

"**Security Interest**" shall have the meaning assigned to such term in Section 2.

"**Trademarks**" shall mean (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, which are listed in Schedule 10(A) of the Perfection Certificate, (b) all goodwill associated therewith, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, and (c) the right to obtain all renewals thereof.

"**Trademark License**" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark.

1.2 **Other Definitional Provisions.** (a) The words "hereof", "herein", "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection and Schedule references are to this Agreement unless otherwise specified.

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

TRADEMARK
REEL: 002186 FRAME: 0655

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

SECTION 2. **GRANT OF SECURITY INTEREST.**

Each Grantor hereby bargains, sells, conveys, assigns, sets over, mortgages, pledges, hypothecates and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a Security Interest (the "**Security Interest**") in all of the following property now owned or hereafter acquired by such Grantor or in which such Grantor now has or at any time in future may acquire any right, title or interest (collectively, the "**Collateral**"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Secured Obligations:

(a) all Accounts;

(b) all Equipment;

(c) all General Intangibles;

(d) all Intellectual Property;

(e) all Inventory;

(f) all cash and cash accounts;

(g) all Investment Property;

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

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

SECTION 3. **REPRESENTATIONS AND WARRANTIES.**

Each Grantor hereby represents and warrants to the Administrative Agent and each Secured Party that:

3.1 **Title; No Other Liens**. Except for the Security Interest granted to the Administrative Agent for the ratable benefit of the Secured Parties pursuant to this Agreement, the Liens permitted by the Credit Agreement and any Liens securing Indebtedness which is no longer outstanding or any Liens with respect to commitments to lend which have been terminated, such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others. No financing statement or other public notice with respect to all or any part of the Collateral that evidences a Lien securing any material Indebtedness is on file or of record in any public office, except such as have been filed in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, pursuant to this Agreement or as are permitted by the Credit Agreement.

3.2 **Perfected First Priority Liens.** (a) Subject to the limitations set forth in clause (b) of this subsection 3.2, the Security Interests granted pursuant to this Agreement (i) will constitute valid perfected Security Interests, in the Collateral in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, as collateral security for such Grantor's Secured Obligations, upon (A) completion of all filings, registrations, recordings and other actions specified in the Perfection Certificate, as amended, supplemented or otherwise modified or updated pursuant to subsection 4.4(b) (which, in the case of all filings and other documents referred to in said Certificate,

TRADEMARK
REEL: 002186 FRAME: 0656

have been delivered to the Administrative Agent in completed and duly executed form), to the extent that a Security Interest may be perfected by such filings or other action, and (B) in the case of Equipment that is covered by a certificate of title, the filing with the registrar of motor vehicles or other appropriate authority in the applicable jurisdiction (as specified in the Perfection Certificate) of an application requesting the notation of the Security Interest created hereunder on such certificate of title, and (ii) are prior to all other Liens on the Collateral in existence on the date hereof except for Liens permitted by the Credit Agreement.

(b) Notwithstanding anything to the contrary herein, no Grantor shall be required to perfect the Security Interests granted by this Agreement (including, without limitation, Security Interests in cash, cash accounts and Investment Property) by any means other than by (i) filings pursuant to the Uniform Commercial Codes of the relevant State(s), (ii) filings with the registrars of motor vehicles or other appropriate authorities in the relevant jurisdictions, (iii) filings approved by United States government offices with respect to Intellectual Property or (iv) when applicable, possession by the Administrative Agent in the United States. No Grantor shall be required to complete any filings or other action with respect to the perfection of Security Interests in any jurisdiction outside the United States.

(c) It is understood and agreed that the Security Interests in cash, cash accounts and Permitted Investments created hereunder shall not prevent the Grantors from using such assets in the ordinary course of their respective businesses.

SECTION 4. **COVENANTS.**

Each Grantor covenants and agrees with the Administrative Agent and the Secured Parties that, from and after the date of this Agreement until the Secured Obligations shall have been paid in full, no Letter of Credit shall be outstanding and the Commitments shall have terminated:

4.1 **Maintenance of Perfected Security Interest; Further Documentation.** (a) Such Grantor shall maintain the Security Interest created by this Agreement as a perfected Security Interest having at least the priority described in subsection 3.2 and shall defend such Security Interest against the claims and demands of all Persons whomsoever, in each case subject to subsection 3.2(b).

(b) Such Grantor will furnish to the Administrative Agent, the Lenders and any Interest Rate Exchangers from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as the Administrative Agent may reasonably request. In addition, within 30 days after the end of each calendar quarter, such Grantor will deliver to Administrative Agent (i) copies of all such certificates of title issued during such calendar quarter with the notation thereon of the Administrative Agent's Security Interest created hereunder in the items of Equipment coveted hereby and (ii) a written supplement to Schedule 10(A) of the Perfection Certificate showing any additional Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses acquired by such Grantor after the date hereof, all in reasonable detail.

(c) Subject to clause (d) below and subsection 3.2(b), at any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of the Security Interests, rights and powers herein granted, including, without limitation, filing any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the Security Interests created hereby.

(d) Notwithstanding anything in this subsection 4.1 to the contrary, (i) with respect to any assets acquired by such Grantor after the date hereof that are required by the Credit Agreement to

TRADEMARK
REEL: 002186 FRAME: 0657

be subject to the Lien created hereby or (ii) with respect to any Person that, subsequent to the date hereof, becomes a Subsidiary of the US Borrower that is required by the Credit Agreement to become a party hereto, the relevant Grantor after the acquisition or creation thereof shall promptly take all actions required by the Credit Agreement or this subsection 4.1.

4.2 **Notices.** Such Grantor will advise the Administrative Agent, the Lenders, and any Interest Rate Exchangers promptly, in reasonable detail, of any Lien of which it has knowledge (other than the Security Interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral which would adversely affect, in any material respect, the ability of the Administrative Agent to exercise any of its remedies hereunder.

4.3 **Special Covenants with Respect to Equipment.** (a) Each Grantor shall, promptly after the acquisition by such Grantor of any item of Equipment that is covered by a certificate of title under a statute of any jurisdiction under the law of which indication of a Security Interest on such certificate is required as a condition of perfection thereof, execute and file with the registrar of motor vehicles or other appropriate authority in such jurisdiction an application or other document requesting the notation or other indication of the Security Interest created hereunder on such certificate of title;

(b) Upon the occurrence and during the continuation of any Event of Default, all insurance payments in respect of such Equipment shall be paid to and applied by Administrative Agent as specified in subsection 5.4 hereof; and

(c) At the Administrative Agent's request at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall deliver to the Administrative Agent the certificates of title covering each item of Equipment the perfection of which is governed by the notation on the certificate of title of the Administrative Agent's Security Interest created hereunder.

SECTION 5. REMEDIAL PROVISIONS.

5.1 **Certain Matters Relating to Accounts.** (a) At any time after the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Administrative Agent may require in connection with such test verifications.

(b) The Administrative Agent hereby authorizes each Grantor to collect such Grantor's Accounts and the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required in writing by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Accounts, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly endorsed by such Grantor to the Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative Agent for the account of the Secured Parties only as provided in subsection 5.4, and (ii) until so turned over, shall be held by such Grantor in trust for the Administrative Agent and the Secured Parties, segregated from other funds of such Grantor. Each such deposit of Proceeds of Accounts shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At the Administrative Agent's request at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall deliver to the Administrative Agent all original and other documents evidencing, and relating to, the agreements and transactions which

TRADEMARK
REEL: 002186 FRAME: 0658

gave rise to the Accounts, including, without limitation, all original orders, invoices and shipping receipts.

5.2 **Communications with Obligors; Grantors Remain Liable.** (a) The Administrative Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default, after giving reasonable notice to the relevant Grantor of its intent to do so, communicate with obligors under the Accounts to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Accounts.

(b) Upon the written request of the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Accounts that the Accounts have been assigned to the Administrative Agent for the ratable benefit of the Secured Parties and that payments in respect thereof shall be made directly to the Administrative Agent.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Accounts to 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 thereto. Neither the Administrative Agent nor any Secured Party shall have any obligation or liability under any Account (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Secured Party of any payment relating thereto, nor shall the Administrative Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Account (or any agreement giving rise thereto), 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 thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

5.3 **Proceeds to be Turned Over To Administrative Agent.** In addition to the rights of the Administrative Agent and the Secured Parties specified in subsection 5.1 with respect to payments of Accounts, if an Event of Default shall occur and be continuing and the Administrative Agent so requires by notice in writing to the relevant Grantor, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Administrative Agent and the Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly endorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent hereunder shall be held by the Administrative Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Administrative Agent in a Collateral Account (or by such Grantor in trust for the Administrative Agent and the Secured Parties) shall continue to be held as collateral security for all the Secured Obligations and shall not constitute payment thereof until applied as provided in subsection 5.4.

5.4 **Application of Proceeds.** The Administrative Agent shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, at any time after receipt as follows:

FIRST, to the payment of all costs and expenses incurred by the Administrative Agent in connection with such collection or sale or otherwise in connection with this Agreement or any of the Secured Obligations, including all court costs and the fees and expenses of its agents and legal counsel, the repayment of all advances made by the Administrative Agent hereunder or under any other Credit Document on behalf of any Grantor and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Credit Document;

TRADEMARK
REEL: 002186 FRAME: 0659

SECOND, to the payment in full of the Secured Obligations (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of the Secured Obligations owed to them on the date of any such distribution); and

THIRD, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

Upon any sale of the Collateral by the Administrative Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Administrative Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Administrative Agent or such officer or be answerable in any way for the misapplication thereof.

5.5 **Code and Other Remedies.** If an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Secured Parties, may exercise, in addition to all other rights and remedies granted to them its this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the New York UCC or any other applicable law. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent or any Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this subsection 5.5, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the New York UCC, need the Administrative Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any Secured Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

5.6 **Waiver; Deficiency.** Each Grantor waives and agrees not to assert any rights or privileges which it may acquire under Section 9-112 of the New York UCC. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Secured Obligations and the fees and disbursements of any attorneys employed by the Administrative Agent or any Secured Party to collect such deficiency.

TRADEMARK
REEL: 002186 FRAME: 0660

SECTION 6. **THE ADMINISTRATIVE AGENT.**

6.1 **Administrative Agent's Appointment as Attorney-in-Fact, etc.** (a) Each Grantor hereby irrevocably constitutes and appoints, effective upon and during occurrence of an Event of Default, the Administrative Agent 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 such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, without assent by such Grantor, to do any or all of the following, in each case after and during the occurrence of an Event of Default and after written notice by the Administrative Agent of its intent to do so:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Account or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Administrative Agent may request to evidence the Administrative Agent's and the Secured Parties' Security Interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral;

(iv) execute, in connection with any sale provided for in subsection 5.5, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral;

(v) obtain and adjust insurance required to be maintained by such Grantor or paid to the Administrative Agent pursuant to subsection 4.3; and

(vi) 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 Administrative Agent or as the Administrative Agent shall direct; (2) ask or demand for, collect and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) 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; (4) 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 portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral (with such Grantor's consent to the extent such action or its resolution could materially affect such Grantor or any of its Affiliates in any manner other than with respect to its continuing rights in such Collateral); (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate (with such Grantor's consent to the extent such action or its resolution could materially affect such Grantor or any of its Affiliates in any manner other than with respect to its continuing rights in such Collateral); (7) assign any Copyright, Patent or Trademark (along with the goodwill of the

TRADEMARK
REEL: 002186 FRAME: 0661

business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the Secured Parties' Security Interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this subsection 6.l(a) to the contrary notwithstanding, the Administrative Agent agrees that it will not exercise any rights under the power of attorney provided for in this subsection 6.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Administrative Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this subsection 6.1, together with interest thereon at a rate per annum equal to the highest rate per annum at which interest would then be payable on any category of past due ABR Loans under the Credit Agreement, from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created hereby are released.

6.2 **Duty of Administrative Agent.** The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. Neither the Administrative Agent, any Secured Party nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the Secured Parties hereunder are solely to protect the Administrative Agent's and the Secured Parties' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Secured Party to exercise any such powers. The Administrative Agent and the Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

6.3 **Execution of Financing Statements.** Pursuant to Section 9-402 of the New York UCC and any other applicable law, each Grantor authorizes the Administrative Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Administrative Agent determines appropriate to perfect the Security Interests of the Administrative Agent under this Agreement. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

TRADEMARK
REEL: 002186 FRAME: 0662

6.4 **Authority of Administrative Agent.** Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent and the Secured Parties, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

SECTION 7. **ADMINISTRATIVE AGENT AS AGENT.**

(a) Chase has been appointed to act as Administrative Agent hereunder by the Lenders and, by their acceptance of the benefits hereof, the Interest Rate Exchangers. The Administrative Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including without limitation the release or substitution of Collateral), solely in accordance with this Agreement and the Credit Agreement; provided that the Administrative Agent shall exercise, or refrain from exercising, any remedies provided for in Section 5 in accordance with the instructions of (i) Required Lenders or (ii) after payment in full of all Secured Obligations under the Credit Agreement and the other Credit Documents, the cancellation or expiration of all Letters of Credit and the termination of the Commitments, the holders of a majority of the aggregate notional amount (or, with respect to any Lender Hedge Agreement that has been terminated in accordance with its terms, the amount then due and payable (exclusive of expenses and similar payments but including any early termination payments then due) under such Lender Hedge Agreement) under all Lender Hedge Agreements. In furtherance of the foregoing provisions of this subsection 7(a), each Interest Rate Exchanger, by its acceptance of the benefits hereof, agrees that it shall have no right individually to realize upon any of the Collateral hereunder, it being understood and agreed by such Interest Rate Exchanger that all rights and remedies hereunder may be exercised solely by the Administrative Agent for the ratable benefit of the Lenders and Interest Rate Exchangers in accordance with the terms of this subsection 7(a).

(b) The Administrative Agent shall at all times be the same Person that is the Administrative Agent under the Credit Agreement. Written notice of resignation by the Administrative Agent pursuant to subsection 12.9 of the Credit Agreement shall also constitute notice of resignation as Administrative Agent under this Agreement; removal of the Administrative Agent shall also constitute removal as Administrative Agent under this Agreement; and appointment of a successor Administrative Agent pursuant to subsection 12.9 of the Credit Agreement shall also constitute appointment of a successor Administrative Agent under this Agreement. Upon the acceptance of any appointment as Administrative Agent under subsection 12.9 of the Credit Agreement by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Administrative Agent under this Agreement, and the retiring or removed Administrative Agent under this Agreement shall promptly (i) transfer to such successor Administrative Agent all sums, securities and other items of Collateral held hereunder, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Administrative Agent under this Agreement, and (ii) execute and deliver to such successor Administrative Agent such amendments to financing statements and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Administrative Agent of the Security Interests created hereunder, whereupon such retiring or removed Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring or removed Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Agreement shall inure to its benefit as to any actions

TRADEMARK
REEL: 002186 FRAME: 0663

taken or omitted to be taken by it under this Agreement while it was Administrative Agent hereunder.

(c) The Administrative Agent shall not be deemed to have any duty whatsoever with respect to any Interest Rate Exchanger, until it shall have received written notice in form and substance satisfactory to the Administrative Agent from a Grantor or the Interest Rate Exchanger as to the existence and terms of the applicable Lender Hedge Agreement.

SECTION 8. **MISCELLANEOUS.**

8.1 **Amendments in Writing.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by each affected Grantor and the Administrative Agent, provided that any provision of this Agreement imposing obligations on any Grantor may be waived by the Administrative Agent in a written instrument executed by the Administrative Agent.

8.2 **Notices.** All notices, requests and demands to or upon the Administrative Agent or any Grantor hereunder shall be effected in the manner provided for in subsection 13.2 of the Credit Agreement; provided, that any such notice, request or demand to or upon any Grantor shall be addressed to such Grantor at its notice address set forth on Schedule I.

8.3 **No Waiver by Course of Conduct; Cumulative Remedies.** Neither the Administrative Agent nor any Secured Party shall by any act (except by a written instrument pursuant to subsection 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4 **Enforcement Expenses; Indemnification.** (a) Each Guarantor agrees to pay or reimburse each Secured Party and the Administrative Agent for all its costs and expenses incurred in collecting against such Guarantor or otherwise enforcing or preserving any rights under this Agreement and the other Credit Documents to which such Guarantor is a party, including, without limitation, the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Secured Party and of counsel to the Administrative Agent.

(b) Each Guarantor agrees to pay, and to save the Administrative Agent and the Secured Parties harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Guarantor agrees to pay, and to save the Administrative Agent and the Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent either of the Borrowers would be required to do so pursuant to subsection 12.7 of the Credit Agreement.

TRADEMARK
REEL: 002186 FRAME: 0664

(d) The agreements in this subsection 8.4 shall survive repayment of the Secured Obligations and all other amounts payable under the Credit Agreement and the other Credit Documents.

8.5 **Successors and Assigns.** This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Administrative Agent and the Secured Parties and their successors and assigns, provided, that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent, except pursuant to a transaction permitted by the Credit Agreement.

8.6 **Set-Off.** Each Grantor hereby irrevocably authorizes the Administrative Agent and each Lender and any Interest Rate Exchanger at any time and from time to time while an Event of Default pursuant to Section 11 of the Credit Agreement shall have occurred and be continuing, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Administrative Agent or such Lender or Interest Rate Exchanger to or for the credit or the account of such Grantor, or any part thereof in such amounts as the Administrative Agent or such Lender or Interest Rate Exchanger may elect, against and on account any past due and unpaid obligations and liabilities of such Grantor to the Administrative Agent or such Lender or Interest Rate Exchanger hereunder and claims of every nature and description of the Administrative Agent or such Lender or Interest Rate Exchanger against such Grantor, in any currency, arising hereunder, under the Credit Agreement or any other Credit Document, as the Administrative Agent or such Lender or Interest Rate Exchanger may elect, whether or not the Administrative Agent or any Lender or Interest Rate Exchanger has made any demand for payment. The Administrative Agent and each Lender or Interest Rate Exchanger shall notify such Grantor promptly of any such set-off and the application made by the Administrative Agent or such Lender or Interest Rate Exchanger of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Administrative Agent and each Lender or Interest Rate Exchanger under this subsection 8.6. are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Administrative Agent or such Lender or Interest Rate Exchanger may have.

8.7 **Counterparts.** This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8.8 **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

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

8.10 **Integration.** This Agreement and the other Credit Documents represent the agreement of the Grantors, the Administrative Agent and the Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Secured Party relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Credit Documents.

TRADEMARK
REEL: 002186 FRAME: 0665

8.11 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

8.12 **Submission To Jurisdiction Waivers.** Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the Courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address referred to in subsection 8.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary, punitive or consequential damages.

8.13 **Acknowledgments.** Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents to which it is a party;

(b) neither the Administrative Agent nor any Lender nor any Interest Rate Exchanger has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between the Grantors, on the one hand, and the Administrative Agent and the Lenders and the Interest Rate Exchangers, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders and any Interest Rate Exchangers or among the Grantors and the Lenders and any Interest Rate Exchangers.

8.14 **Additional Grantors.** (a) Each Subsidiary of the US Borrower that is required to become a party to this Agreement pursuant to the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of a Supplement in the form of Annex 1 hereto.

8.15 **Releases.** (a) At such time as the Loans, an amount equal to unreimbursed drawings under all Letters of Credit and an amount equal to the maximum amount that may be drawn under all Letters of Credit, and the other Secured Obligations shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those

TRADEMARK
REEL: 002186 FRAME: 0666

expressly stated to survive such termination) of the Administrative Agent and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Administrative Agent shall deliver to such Grantor any Collateral held by the Administrative Agent hereunder and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement or if, as a result of a transaction permitted by the Credit Agreement (including, without limitation, a transaction resulting in the Grantor no longer being a Subsidiary of the US Borrower), any Grantor is no longer required by the terms of the Credit Agreement to be a Grantor hereunder or any Collateral is no longer required to be covered by a Security Interest hereunder, such portion of the Collateral shall automatically be released from any Liens created hereby, all without delivery of any instrument or performance of any act by any party, and all rights to such Collateral shall revert to the resulting owner of such Collateral. Upon the certification of the relevant Grantor to the Administrative Agent following any such termination that such action as may be required by the Credit Agreement or this Agreement to be taken by such Grantor with respect to the Proceeds of such Collateral has been, or promptly upon such sale, transfer or other disposition, will be taken by such Grantor, the Administrative Agent shall promptly deliver to such Grantor any such Collateral held by the Administrative Agent hereunder (or certificate of title evidencing any such Collateral in the Administrative Agent's possession) and execute and deliver to such Grantor all releases or other documents, including UCC termination statements and releases of certificates of title, reasonably necessary or desirable for the release of the Liens created hereby on such Collateral.

8.16 **WAIVER OF JURY TRIAL. EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

TRADEMARK
REEL: 002186 FRAME: 0667

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

K-L SUB 2, INC.,

by

Name: Frederik Sjödin
Title: Vice President

K-L SUB 3, INC.,

by

Name: Frederik Sjödin
Title: Vice President

ALPHAGARY CORPORATION,

by

Name:
Title:

CHEMICAL SPECIALTIES, INC.,

by

Name:
Title:

COMPUGRAPHICS U.S.A. INC.,

by

Name:
Title:

CYANTEK CORPORATION,

by

Name:
Title:

TRADEMARK
REEL: 002186 FRAME: 0668

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

K-L SUB 2, INC.,

by

Name:
Title:

K-L SUB 3, INC.,

by

Name:
Title:

ALPHAGARY CORPORATION,

by

Name: Donna Abruzzo
Title: Assistant Secretary

CHEMICAL SPECIALTIES, INC.,

by

Name: Donna Abruzzo
Title: Assistant Secretary

COMPUGRAPHICS U.S.A. INC.,

by

Name: Donna Abruzzo
Title: Assistant Secretary

CYANTEK CORPORATION,

by

Name: Donna Abruzzo
Title: Assistant Secretary

[NYCORP;1141244]

ELECTROCHEMICALS INC.,

by

Name: Donna Abruzzo
Title: Asst. Secretary

EXSIL, INC.,

by

Name: Donna Abruzzo
Title: Asst. Secretary

GAREVODE INC.,

by

Name: Donna Abruzzo
Title: Asst. Secretary

LAPORTE AMERICA INC.,

by

Name: Donna Abruzzo
Title: Asst. Secretary

LAPORTE INC.,

by

Name: Donna Abruzzo
Title: Asst. Secretary

LAPORTE PIGMENTS, INC.,

by

Name: Donna Abruzzo
Title: Asst. Secretary

LAPORTE WATER TECHNOLOGIES, INC.,

by _____
Name: Donna Abruzzo
Title: Asst. Secretary

LUREX, INC.,

by _____
Name: Donna Abruzzo
Title: Asst. Secretary

SOUTHERN CLAY PRODUCTS, INC.,

by _____
Name: Donna Abruzzo
Title: Asst. Secretary

THE CHASE MANHATTAN BANK,
as Administrative Agent

by _____
Name: Thomas H. Kozlark
Title: Vice President

41244]

GRANTORS

- **Grantors**

AlphaGary Corporation
Chemical Specialties, Inc.
Compugraphics U.S.A. Inc.
Cyantek Corporation
Electrochemicals Inc.
Exsil, Inc.
Garevode Inc.
Laporte America Inc.
Laporte Inc.
Laporte Pigments, Inc.
Laporte Water Technologies, Inc.
Lurex, Inc.
Southern Clay Products, Inc.

- **Notice Address for All Grantors**

22 Chambers Street
Princeton, NJ 08542

SUPPLEMENT NO. [ ] dated as of [ ]. to the Security Agreement dated as of November 20, 2000, among K-L Sub 3, Inc., a Delaware corporation (the "*US Borrower*"), K-L Sub 2, Inc., a Delaware corporation ("*Holdings*"), each subsidiary of the US Borrower listed on Schedule I thereto (each such subsidiary individually a "*Subsidiary Grantor*" and, collectively, the "*Subsidiary Grantors*"; the Grantors, Holdings and the US Borrower are referred to collectively herein as the "*Grantors*"), THE CHASE MANHATTAN BANK, a New York banking corporation ("*Chase*"), as administrative agent (in such capacity, the "*Administrative Agent*") for the Secured Parties (as defined herein), Merrill Lynch & Co., as syndication agent, and Goldman Sachs Credit Partners L.P., as documentation agent.

A. Reference is made to (a) the Credit Agreement dated as of November 20, 2000 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the US Borrower, Citrusbay Limited, a company incorporated under the laws of England and Wales, Holdings, K-L Sub 1, Inc., a Delaware corporation ("*PIK Holdco*"), K-L Holdings, Inc., a Delaware corporation ("*Parent*"), the lenders from time to time party thereto (the "*Lenders*"), the Administrative Agent, Merrill Lynch & Co., as syndication agent, and Goldman Sachs Credit Partners L.P., as documentation agent, and (b) the Security Agreement dated as of November 20, 2000 (as amended, supplemented or otherwise modified from time to time, the "*Guarantee*"), among Holdings, the Subsidiary Grantors and the Administrative Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement and the Credit Agreement.

C. The Grantors have entered into the Security Agreement in order to induce the Lenders to make Loans and the Letter of Credit Issuer to issue Letters of Credit. Section 8.14 of the Security Agreement provides that additional Subsidiaries of the US Borrower may become Grantors under the Security Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "*New Grantor*") is executing this Supplement in accordance with the requirements of the Credit Agreement and the Security Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and the Letter of Credit Issuer to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

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

SECTION 1. In accordance with subsection 8.14 of the Security Agreement, the New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and the New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, the New Grantor, as security for the payment and performance in full of the Secured Obligations (as defined in the Security Agreement), does hereby create and grant to the Administrative Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of the New Grantor's right, title and interest in and to the Collateral (as defined in the

TRADEMARK
REEL: 002186 FRAME: 0673

Security Agreement) of the New Grantor. Each reference to a "Grantor" in the Security Agreement shall be deemed to include the New Grantor. The Security Agreement is hereby incorporated herein by reference.

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

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Grantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Grantor hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of the location of any and all Collateral of the New Grantor and (b) set forth under its signature hereto, is the true and correct location of the chief executive office of the New Grantor.

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Security Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in subsection 8.2 of the Security Agreement. All communications and notices hereunder to the New Grantor shall be given to it at the address set forth under its signature below.

SECTION 9. The New Grantor agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Administrative Agent.

[NYCORP;1141244]

TRADEMARK
REEL: 002186 FRAME: 0674

IN WITNESS WHEREOF, the New Grantor and the Administrative Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

[Name Of New Grantor],

by

_____
Name:
Title:
Address:

[Address]

THE CHASE MANHATTAN BANK, as Administrative Agent,

by

_____
Name:
Title:

SCHEDULE I
to Supplement No.___ to the
Security Agreement

LOCATION OF COLLATERAL

Description	Location

[NYCORP;1141244]