

01-26-2001



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FORM PTO-1618A  
Expires 06/30/99  
OMB 0651-0027

101595442

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

1-26-01

1-26-01

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

Submission Type

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

Conveyance Type

- Assignment  License
- Security Agreement  Nunc Pro Tunc Assignment  
Effective Date  
Month Day Year
- Merger
- Change of Name
- Other  Security Interest over License Agreement /

Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name  Holsum de Puerto Rico, Inc.

01 17 01

Formerly

1928775

- Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship/State of Incorporation/Organization  Puerto Rico

Receiving Party

Mark if additional names of receiving parties attached

Name  First Bank Puerto Rico

DBA/AKA/TA

Composed of

Address (line 1)  P.O. Box 9146

Address (line 2)

Address (line 3)  Santurce

Puerto Rico

00908

City

State/Country

Zip Code

- Individual  General Partnership  Limited Partnership

- Corporation  Association

Other  Bank

Citizenship/State of Incorporation/Organization

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

01/26/2001 AAHMED1 00000095 1928775

FOR OFFICE USE ONLY

FC:481 40.00 OP  
FC:482 100.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

TRADEMARK  
REEL: 002220 FRAME: 0001

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

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

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

Mark if additional numbers attached

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

**Trademark Application Number(s)**

**Registration Number(s)**

**Number of Properties**

Enter the total number of properties involved. #

**Fee Amount**

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

Method of Payment: Enclosed  Deposit Account

Deposit Account

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

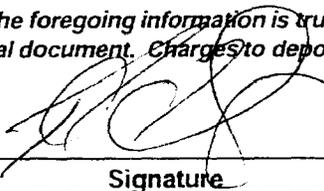
Deposit Account Number: #

Authorization to charge additional fees: Yes  No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Raón Calderón, President of Holsum de  
Name of Person Signing

  
Signature

June 17, 2001

Date Signed

Puerto Rico, Inc.

SECURITY AGREEMENT  
(Puerto Rico)

SECURITY AGREEMENT dated as of January 17, 2001 among **HOLSUM DE PUERTO RICO, INC.**, a corporation validly organized and existing under the laws of the Commonwealth of Puerto Rico (hereinafter called, the "Debtor") and **FIRSTBANK PUERTO RICO**, a banking corporation validly organized and existing under the laws of the Commonwealth of Puerto Rico, as the secured party and as administrative agent (in such capacity, together with its successors in such capacity, the "Administrative Agent") for the lenders or other financial institutions or entities party, as lenders, to the Credit Agreement referred to below.

The Debtor, Caribe Bakers, Inc., Harinas del Caribe, Inc., certain lenders and the Administrative Agent are parties to a Credit Agreement dated as of the date hereof (as modified and supplemented and in effect from time to time, the "Credit Agreement"), providing, subject to the terms and conditions thereof, for loans to be made by said lenders to the Debtor in such aggregate principal amount as set forth and stated from time to time in the Credit Agreement.

To induce said lenders to enter into the Credit Agreement and to extend credit thereunder and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor has agreed to pledge and grant a security interest in the Collateral (as hereinafter defined) as security for the Obligations (as hereinafter defined). Accordingly, the parties hereto agree as follows:

Section 1. Definitions. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement. All terms defined in this Agreement in the singular form shall have the same meanings when used in the plural and vice versa. The words "hereof," "herein," and "hereinunder" 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, schedule and exhibit references are to this Agreement unless otherwise specified. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. Unless the context indicates otherwise, the definitions in the Uniform Commercial Code (as hereinafter defined) as in effect in the Commonwealth of Puerto Rico on the Effective Date apply to words and phrases in this Agreement; if definitions in the Uniform Commercial Code conflict, definitions in Chapter 9 of the Uniform Commercial Code apply. In addition, as used herein:

"Accounts" shall have the meaning ascribed thereto in Section 3(a) hereof.

"Administrative Agent" shall have the meaning ascribed thereto in the preamble of this Agreement.

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

"Business Day" shall mean a day other than a Saturday, a Sunday or any other day on which banks in San Juan, Puerto Rico are required or authorized by law or executive order to be closed.

"Cash Concentration Account" shall have the meaning ascribed thereto in Section 4.01 hereof.

"Collateral" shall have the meaning ascribed thereto in Section 3 hereof.

"Copyright Collateral" shall mean all Copyrights, whether now owned or hereafter acquired by the Debtor.

"Copyrights" shall mean all copyrights, copyright registrations and applications for copyright registrations, including, without limitation, all renewals and extensions thereof, the right to recover for all past, present and future infringements thereof, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto.

"Contracts" shall mean all contracts as such term is defined in the Uniform Commercial Code as in effect on the Effective Date, now or hereafter entered into by the Debtor, as the same may be amended, supplemented or otherwise modified from time to time.

"Contract Rights" shall mean all rights of the Debtor under each Contract, including, without limitation, (a) all rights of the Debtor to receive moneys due and to become due to it thereunder, (b) all rights of the Debtor to damages arising out of or for breach or default in respect thereof, and (c) all rights of the Debtor to exercise all remedies thereunder.

"Credit Agreement" shall have the meaning ascribed thereto in the second paragraph of this Agreement.

"Documents" shall have the meaning ascribed thereto in Section 3(e) hereof.

"Debtor" shall have the meaning ascribed thereto in the preamble of this Agreement.

"Effective Date" shall mean the date hereof.

"Equipment" shall have the meaning ascribed thereto in Section 3(j) hereof.

"Event of Default" shall have the meaning ascribed thereto in the Credit Agreement.

"Instruments" shall have the meaning ascribed thereto in Section 3(b) hereof.

"Intellectual Property" shall mean, collectively, all Copyright Collateral, all Patent Collateral and all Trademark Collateral, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets relating thereto; (b) all licenses or user or other agreements granted to the Debtor with respect to any of the foregoing, in each case whether now or hereafter owned or used including, without limitation, the licenses or other agreements with respect to the Copyright Collateral, the Patent Collateral or the Trademark Collateral; (c) all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs; (d) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured; (e) all accounting information and all media in which or on which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; and (f) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by the Debtor.

"Inventory" shall have the meaning ascribed thereto in Section 3(c) hereof.

"Lenders" shall have the meaning ascribed thereto in the Credit Agreement.

"Patent Collateral" shall mean all Patents, whether now owned or hereafter acquired by the Debtor.

"Patents" shall mean all patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, all income, royalties, damages and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for

past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world.

"Proceeds" shall mean all proceeds, as such term is defined in Section 9-306(1) of the Uniform Commercial Code as in effect on the date hereof and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, judgment, indemnity, warranty or guaranty payable to or on behalf of the Debtor from time to time with respect to any of the Collateral; (ii) any and all payments (in any form whatsoever) made or due and payable to the Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure, taking or forfeiture of all or any of the Collateral by any governmental authority; and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Obligations" shall mean, collectively, (a) the principal of and interest on the Advances made by the Lenders to, and the Notes held by the Lenders of, the Borrowers and all other amounts from time to time owing to the Lenders by the Borrowers hereunder, under the Credit Agreement, the Notes and the other Loan Documents (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Advances and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrowers, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), in each case strictly in accordance with the terms hereof or thereof, (b) all other obligations of every kind and character now or hereafter existing (whether matured or unmatured, contingent or liquidated) of the Borrowers to the Lenders and/or the Administrative Agent hereunder or under the Credit Agreement and/or any of the other Loan Documents and (c) the performance by Borrowers of all covenants and agreements contained in the Loan Documents.

"Trademark Collateral" shall mean all Trademarks, whether now owned or hereafter acquired by the Debtor.

"Trademarks" shall mean all trade names, trademarks and service marks, logos, trademark and service mark registrations, and applications for trademark and service mark registrations, including, without limitation, all renewals of trademark and service mark registrations, all rights corresponding thereto throughout the world, the right to recover for all past, present and future infringements thereof, all other rights of any kind whatsoever accruing thereunder or pertaining thereto, together, in each case, with the product lines and goodwill of the

business connected with the use of, and symbolized by, each such trade name, trademark and service mark.

"Uniform Commercial Code" shall mean the Commercial Transactions Act of the Commonwealth of Puerto Rico created by Act No. 208 of August 17, 1995, as amended by Act No. 176 of August 31, 1996, Act No. 241 of September 19, 1996, Act No. 1 of January 17, 1997, Act No. 26 of June 30, 1997 and Act No. 214 of December 31, 1997 and as may be further amended and in effect from time to time in the Commonwealth of Puerto Rico, and any successor statute; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, "Uniform Commercial Code" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provision hereof relating to such perfection or effect of perfection or non-perfection.

Section 2. Representations and Warranties. The Debtor represents and warrants to the Administrative Agent and to each Lender that as of the Effective Date:

(a) The Debtor is and will be the sole beneficial owner of the Collateral in which it purports to grant a security interest pursuant to Section 3 hereof and no Lien exists or will exist upon such Collateral at any time (and no right or option to acquire the same exists in favor of any other Person), except for the pledge and security interest in favor of the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, as created or provided for herein or under the Loan Documents, which pledge and security interest on the Effective Date and upon filing of proper financing statements in the Department of State of the Commonwealth of Puerto Rico and satisfaction of the requirements of Section 9-304 and 9-305 of the Uniform Commercial Code with respect to money, certificated securities or instruments, shall constitute a first priority perfected pledge and security interest in and to all of such Collateral.

(b) The principal place of business and chief executive office where the Debtor keeps its records and books relating to its business are located at the address of the Debtor set forth in Annex 1 attached hereto. Except as disclosed in Annex 1 attached hereto, the Debtor has no other places of business.

(c) Except as otherwise permitted under the Credit Agreement, all Inventory and Equipment owned on the date

hereof or hereafter acquired by the Debtor is and shall be located in the Commonwealth of Puerto Rico at one of the locations specified in Annex 1 attached hereto.

(d) Except as disclosed in Annex 2 attached hereto, the Debtor does not have or operate in any jurisdiction under, or in the preceding ten (10) years has not, had or has not operated in any jurisdiction under, any trade names, fictitious names or other names (including, without limitation, any names of divisions or operations) except its legal name.

(e) The Debtor will safeguard and protect all Collateral for the Administrative Agent's general account and for the ratable benefit of the Lenders and make no disposition thereof whether by sale, lease or otherwise.

(f) Each representation and warranty with respect to Debtor or the Collateral set forth in the Credit Agreement is true and correct in all material respects and such representations and warranties are hereby incorporated herein by this reference with the same effect as though set forth in their entirety herein.

(g) All information heretofore, herein or hereafter supplied to the Administrative Agent and/or to any Lender by or on behalf of Debtor with respect to the Collateral is and will be accurate and complete in all material respects.

(h) Except pursuant to licenses and other user agreements entered into by the Debtor in the ordinary course of business, the Debtor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any Copyright, Patent or Trademark and, to the best of Debtor's knowledge, all registrations are valid and in full force and effect; and the Debtor owns and possesses the right to use all Copyrights Collateral, Patents Collateral and Trademarks Collateral.

(i) To the Debtor's knowledge, there is no violation by others of any right of the Debtor with respect to any Copyright, Patent or Trademark, and (ii) the Debtor 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 Debtor or, to the Debtor's knowledge, threatened, and no claim against the Debtor has been received by the Debtor, alleging any such violation.

Section 3. Collateral. As collateral security for the prompt payment in full when due (whether at stated maturity, by

acceleration or otherwise) of the Obligations, the Debtor hereby pledges and grants to the Administrative Agent, for its benefit and for the ratable benefit of the Lenders as hereinafter provided, as of the Effective Date, a security interest under the Uniform Commercial Code in all of the Debtor's right, title and interest in the following property, owned by the Debtor as of the Effective Date or thereafter acquired and whether existing as of the Effective Date or thereafter coming into existence (all being collectively referred to herein as "Collateral"):

(a) all accounts (as defined in the Uniform Commercial Code) now existing or hereafter acquired of the Debtor constituting any right to the payment of money, including, but not limited to, all moneys due and to become due to the Debtor in respect of any loans or advances for Inventory or other goods sold or leased or for services rendered, all moneys due and to become due to the Debtor under any guarantee (including a letter of credit) of the purchase price of Inventory sold by the Debtor and all tax refunds, and shall in any event mean and include, but not be limited to, any (i) accounts receivable, certificated securities, uncertificated securities, instruments, documents and chattel paper (each as defined in the Uniform Commercial Code as in effect on the Effective Date), (ii) all of the Debtor's rights to payment for goods sold or leased or services performed by the Debtor, including, without limitation, rights evidenced by an account, note, contract, security agreement, chattel paper, or other evidence of indebtedness or security, (iii) all security pledged, assigned, hypothecated or granted to or held by the Debtor, (iv) all of the Debtor's right, title and interest in and to any goods, the sale of which gave rise to any account or general intangible, (v) all guarantees, endorsements, and indemnifications on, or of, any account or general intangible, (vi) all powers of attorney for the execution of any evidence of records, ledger cards, and invoices relating to any account or general intangible, (vii) all evidences of the filing of financing statements and other statements and the registration of other instruments in connection with any account or general intangible and amendments thereto, notices to other creditors or secured parties, and certificates from filing or other registration officers, (viii) all credit information, reports and memoranda relating to any account or general intangible, (ix) all other writing related in any account or general intangible, (x) all insurance policies or similar rights relating to any account or general intangible, and (xi) cash and non-cash Proceeds of any account or general intangible (such accounts, general intangibles and moneys due and to become due being herein called collectively "Accounts");

(b) all instruments, chattel paper or letters of credit (each as defined in the Uniform Commercial Code) of the Debtor evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting the payment of, any of the Accounts and/or any amounts owed to the Debtor, including (but not limited to) promissory notes, drafts, bills of exchange and trade acceptances (herein collectively called "Instruments");

(c) all inventory (as defined in the Uniform Commercial Code) of the Debtor, all raw material, work in process and finished inventory of the Debtor of every type and description and all documents of title covering such inventory, all goods obtained by the Debtor in exchange for such inventory, and any products made or processed from such inventory including all substances, if any, commingled therewith or added thereto, all inventory held or maintained at the Debtor's business premises (or any other location at which the Debtor conducts business), or otherwise used in the ownership or operation of the business (or any other business conducted by the Debtor), all additions and accessions thereto, replacements therefor, products thereof and documents therefor, and goods which are returned or repossessed by Debtor (herein collectively called "Inventory");

(d) all Contracts and Contract Rights, including, without limitation, each contract and other agreement of the Debtor relating to the sale or other disposition of Inventory and Equipment, provided, however, that the Debtor shall not be deemed to be assigning any Contract whose assignment is prohibited pursuant to the terms thereof, but the foregoing shall not limit the assignment of the Proceeds of such Contract pursuant to clause (l) below;

(e) all documents of title (as defined in the Uniform Commercial Code) or other receipts of the Debtor covering, evidencing or representing Inventory (herein collectively called "Documents");

(f) all rights, claims and benefits of the Debtor against any Person arising out of, relating to or in connection with Inventory purchased by the Debtor, including, without limitation, any such rights, claims or benefits against any Person storing or transporting such Inventory;

(g) the balance from time to time in the Cash Concentration Account;

(h) all bank, brokerage and other accounts and all cash, instruments, investments and securities at any time and from time to time on deposit therein, including all insurance

proceeds and awards and including all notes, certificates of deposit, securities and other investments relating thereto and all interest, dividends and other income thereon, proceeds thereof and rights relating thereto;

(i) all rents (other than rents derived from the use or occupancy of real property), royalties, issues, profits, revenues, earnings, income and other benefits, instruments, documents, securities, cash or property derived from the Collateral;

(j) all equipment as such term is defined in the Uniform Commercial Code as in effect on the date hereof, now or hereafter owned or acquired by the Debtor, excluding motor vehicles, but including but not limited to all machinery, equipment, fixtures, chattels, computers, apparatus, fittings and articles of personal property of every kind and nature whatsoever, and all appurtenances, accessions and additions thereto and substitutions or replacements and products thereof, currently owned or hereafter acquired by the Debtor, including, but not limited to, all such property now or hereafter attached to, or contained in or used or usable in any way in connection (though not attached thereto) with, any present or future operation of the Debtor's business (or any other business conducted by the Debtor) or placed on any part of the Debtor's business premises or otherwise owned by the Debtor, and all warehouse receipts, bills of lading and other documents of title now or hereafter covering such property, including, without limiting the generality of the foregoing, all equipment customarily used in the Debtor's business (or any other business conducted by the Debtor), other tangible property of every kind and nature whatsoever (including any and all accessions to, proceeds of, replacements of and substitutions for any of the above items), owned by the Debtor, in which the Debtor has or shall have an interest or used or to be used, or located or to be located, now or hereafter upon the Debtor's business premises or in the Debtor's business (or any other business conducted by the Debtor), or appurtenant thereto, or usable exclusively in connection with the present or future operation of the Debtor's business (or any other business conducted by the Debtor) or occupancy of the Debtor's business premises or constituting a component part of the Debtor's business (or any other business conducted by the Debtor), whether herein enumerated or not, and whether or not affixed to the Debtor's business premises, and which are used or useful in the operation and maintenance of the Debtor's business (or any other business conducted by the Debtor), the Debtor's business premises or any of the liens enumerated herein or in the activities conducted therein, thereon or with respect thereto (herein collectively called "Equipment");

(k) all Intellectual Property and all other accounts or general intangibles not constituting Intellectual Property or Accounts; and

(l) Proceeds and products of any and all of the property of the Debtor described in the preceding clauses of this Section 3.

Section 4. Cash Proceeds of Collateral.

4.01 Cash Concentration Account. (a) After the Effective Date, the Debtor shall establish and maintain with the Administrative Agent and for the benefit of the Lenders, a special collateral account (the "Cash Concentration Account") under the exclusive control and dominion of the Administrative Agent for the deposit from time to time of all collections and the cash proceeds of any of the Collateral (including proceeds of insurance thereon) which may be a blocked account, or such other arrangement as shall be required by the Administrative Agent. (b) All collections and the cash proceeds of any of the Collateral that are received by the Debtor shall be received by the Debtor as the Administrative Agent's trustee and shall be forthwith deposited by the Debtor at the beginning of each Business Days in the Cash Concentration Account. The balance from time to time in the Cash Concentration Account shall constitute part of the Collateral hereunder unless otherwise released to the Debtor in accordance with the Credit Agreement and shall not constitute payment of the Obligations until applied as hereinafter provided. (c) At any time at the discretion of the Majority Lenders, the Administrative Agent shall apply or cause to be applied (subject to collection) the balance from time to time outstanding of the Cash Concentration Account to the payment of the Obligations in the manner specified in Section 5.09 hereof.

4.02 Proceeds of Accounts. Following the occurrence and during the continuance of an Event of Default, the Debtor shall, to the extent requested by the Administrative Agent, instruct all account debtors and other Persons obligated in respect of all Accounts to make all payments in respect of the Accounts either (a) directly to the Administrative Agent (by instructing that such payments be remitted to a post office box which shall be in the name and under the control of the Administrative Agent), or (b) to one or more other Persons in the United States of America or the Commonwealth of Puerto Rico (by instructing that such payments be remitted to a post office box which shall be in the name and under the control of the Administrative Agent) under arrangements, in form and substance satisfactory to the Administrative Agent, pursuant to which the Debtor shall have irrevocably instructed such other Person (and such other Person shall have agreed) to remit all proceeds of such payments directly to the Administrative Agent for deposit into the Cash Concentration Account. All payments made to

the Administrative Agent, as provided in the preceding sentence, shall be immediately deposited in the Cash Concentration Account. In addition to the foregoing, the Debtor agrees that if the proceeds of any Collateral hereunder (including the payments made in respect of Accounts) shall be received by it, the Debtor shall as promptly as possible deposit such proceeds into the Cash Concentration Account. Until so deposited, all such proceeds shall be held in trust by the Debtor for and as the property of the Administrative Agent, for its benefit and for the ratable benefit of the Lenders and shall not be commingled with any other funds or property of the Debtor. At any time the Administrative Agent may in its discretion apply or cause to be applied (subject to collection) the balance from time to time outstanding of the Cash Concentration Account to the payment of the Obligations in the manner specified in Section 5.09 hereof.

Section 5. Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Section 3 hereof, the Debtor hereby agrees with the Administrative Agent as follows:

5.01 Delivery and Other Perfection. The Debtor shall:

(a) on and after the Effective Date, deliver and pledge to the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, any and all Instruments, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Administrative Agent may reasonably request; provided, that so long as no Event of Default shall have occurred and be continuing, the Debtor may retain for collection in the ordinary course any Instruments received by the Debtor in the ordinary course of business and the Administrative Agent shall, promptly upon request of the Debtor, make appropriate arrangements for making any Instrument pledged by the Debtor available to the Debtor for purposes of presentation, collection or renewal (any such arrangement to be effected, to the extent deemed appropriate by the Administrative Agent, against trust receipt or like document);

(b) on and after the Effective Date, give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable (in the reasonable judgment of the Administrative Agent) to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, to exercise and enforce its rights hereunder with respect to such pledge and security interest, provided that notices to account debtors in respect of any

Accounts or Instruments shall be subject to the provisions of clause (e) below;

(c) keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as the Administrative Agent may reasonably require in order to reflect the security interests granted by this Agreement;

(d) permit representatives of the Administrative Agent and/or the Lenders at any time during normal business hours and without material disruption of the Debtor's business to inspect and make abstracts from its books and records pertaining to the Collateral, and permit representatives of the Administrative Agent and/or the Lenders to be present at the Debtor's place of business to receive copies of all communications and remittances relating to the Collateral, and forward copies of any material notices or communications received by the Debtor with respect to the Collateral, all in such manner as the Administrative Agent may reasonably require;

(e) on and after the Effective Date, upon the occurrence and during the continuance of any Event of Default, the Administrative Agent or its designee may notify at any time customers or account debtors in respect of any Accounts or Instruments that such Collateral has been assigned to the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, or of the Lenders', security interest therein and that any payments due or to become due in respect of such Collateral are to be made directly to the Administrative Agent, for its benefit and for the ratable benefit of the Lenders. The Administrative Agent may collect such Collateral directly and charge the reasonable collection costs and expenses to the Debtor and may settle or adjust disputes or claims relating to such Collateral directly with customers or account debtors for amounts and upon terms which the Administrative Agent considers advisable;

(f) after the Effective Date and if the Administrative Agent so directs, within the first thirty (30) days after the end of each month, the Debtor shall provide the Administrative Agent with either (i) written schedules, or (ii) computer disks in a format compatible with the Administrative Agent's computer system and in a manner reasonably acceptable to the Administrative Agent which contains information, describing all Accounts created or acquired by it after the Effective Date consisting of key name, account number and account balance for each account debtor as of the last day of the immediately preceding month and provided, that if a Default shall have occurred and be continuing, the Administrative

Agent, in its sole discretion, may shorten the thirty (30) day notice period described in this sentence to no less than five (5) days. The Debtor shall also provide access to the Administrative Agent, upon request therefor and during normal business hours, to its original records involving related customer invoices (or other equivalent), service contracts for services rendered and to be rendered, original shipping or delivery receipts for all merchandise sold (or the equivalent), retail installment contracts, conditional sale contracts, lease agreements (including finance leases), promissory notes and other similar documents which evidence Accounts, and shall allow the Administrative Agent to make copies of all such records at Debtor's premises; and

(g) after the Effective Date and if the Administrative Agent so directs, within the first thirty (30) days after the end of each month, the Debtor shall provide to the Administrative Agent, either (i) a written schedule, or (ii) a computer disk in a format compatible with the Administrative Agent's computer system and in a manner reasonably acceptable to the Administrative Agent containing information, of its Inventory showing the value thereof, computed at the lower of cost or market and on a FIFO basis, in form and substance reasonably satisfactory to the Administrative Agent; provided, however, that if a Default shall have occurred and be continuing, the Administrative Agent, in its sole discretion, may shorten the thirty (30) day notice period described in this sentence to not less than five (5) days. All instruments and certificates prepared by the Debtor that show the value of Inventory shall be accompanied, upon request therefor by the Administrative Agent, by copies of related purchase orders and invoices. The Debtor shall conduct an annual physical count of the Inventory and a copy of each such count shall be promptly supplied to the Administrative Agent accompanied by a report of the value (valued at the lower of cost or market value and on a FIFO basis) of such Inventory.

5.02 Other Financing Statements and Liens. Except as may be otherwise permitted under the Credit Agreement, without the prior written consent of the Administrative Agent (to be given with the prior written consent of the Majority Lenders), the Debtor shall not file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, is not named as the sole secured party.

5.03 Preservation of Rights. The Administrative Agent and/or any Lender shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral. 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 Uniform Commercial Code 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 Lender, nor any of its respective directors, officers, employees or agents 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 Debtor or otherwise.

5.04 Special Provisions Relating to Certain Collateral.

(a) Intellectual Property.

(1) For the purpose of enabling the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, to exercise rights and remedies under Section 5.05 hereof at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies under this Agreement, and for no other purpose, the Debtor hereby grants to the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, to the extent that such rights may be granted by the Debtor without violation of any applicable law or any applicable contractual agreement, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Debtor) to use, assign, license or sublicense any of the Intellectual Property now owned or hereafter acquired by the Debtor, wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof;

(2) Notwithstanding anything contained herein to the contrary, so long as no Event of Default shall have occurred and be continuing, the Debtor will be permitted to exploit, use, enjoy, protect, license, sublicense, assign, sell, dispose of or take other actions with respect to the Intellectual Property in the ordinary course of the business of the Debtor. In furtherance of the foregoing, unless an Event of Default shall have occurred and be continuing, the Administrative Agent shall from time to time, upon the request of the Debtor, execute and deliver any instruments, certificates or other documents, in the form so requested, that the Debtor shall have certified are appropriate (in its judgment) to allow the Debtor to take any action permitted above (including relinquishment of the license

provided pursuant to clause (1) immediately above as to any specific Intellectual Property). Furthermore, upon the payment in full of all of the Obligations or earlier expiration of the later of this Agreement or the Credit Agreement or release of the Collateral, the Administrative Agent shall grant back to the Debtor the license granted pursuant to clause (1) immediately above. The exercise of rights and remedies under Section 5.05 hereof by the Administrative Agent shall not terminate the rights of the holders of any licenses or sublicenses theretofore granted by the Debtor in accordance with the first sentence of this clause (2).

(b) Inventory; Accounts; Contract Rights; Instruments.

(1) The Debtor shall not permit (a) any Inventory to be held by third persons provided, however, that the Debtor may have, at any time, Inventory which is held by consignees and in which the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, has perfected, first priority security interest and as to which financing statements have been filed naming the consignee as debtor, the Debtor as secured party and the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, as assignee; (b) Inventory or goods in transit; provided, that (i) such Inventory or goods are being shipped in the manner in which a Person of established reputation engaged in similar businesses ships similar goods, (ii) the Debtor maintain insurance against loss or damage of such goods of the kind customarily maintained by a Person of established reputation engaged in similar businesses, and (iii) such Inventory or goods are being shipped in a manner consistent with the past practices of the seller; and (c) any other third person (including any warehouseman, bailee, agent or processor) to hold any other Collateral unless the Debtor shall; (i) notify such third person of the security interest created hereby; (ii) instruct such person to hold all such Collateral for the Administrative Agent's account, for its benefit and for the ratable benefit of the Lenders, subject to the Administrative Agent's instructions; and (iii) take all other actions the Administrative Agent deems necessary to perfect and protect the Administrative Agent, the Lenders and the Debtor's interest in such Collateral pursuant to the requirements of the Uniform Commercial Code of the applicable jurisdiction where the warehouseman, bailee, agent, processor or other third person is located (including the filing of a financing statement in the proper jurisdiction naming the applicable third person as debtor and the Debtor as secured party and notifying the

third person's secured lender of the Debtor's interest in such Collateral before the third person receives possession of the Collateral in question).

(2) Debtor shall cause the Inventory to be produced in substantial compliance with all applicable laws, rules, regulations and governmental standards.

(3) The Debtor agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of its Inventory, such warehouse receipt or receipt in the nature thereof shall not be "negotiable" (as such term is used in Section 7-104 of the Uniform Commercial Code as in effect in any relevant jurisdiction or under other relevant law).

(4) The Debtor will not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do, except as otherwise permitted herein and/or in the Credit Agreement.

(5) As of the time when each of its Accounts arises, the Debtor shall be deemed to have represented and warranted that such Account and all records, papers and documents relating thereto (if any) are genuine and in all respects what they purport to be, and that all papers and documents (if any) relating thereto (i) will represent the genuine, legal, valid and binding obligation of the account debtor evidencing indebtedness unpaid and owed by the respective account debtor arising out of the performance of labor or services or the sale or lease and delivery of the merchandise listed therein, or both, (ii) will be the only original writings evidencing and embodying such obligation of the account debtor named therein (other than copies created for general accounting purposes), (iii) will evidence true and valid obligations, enforceable in accordance with their respective terms and (iv) will be in compliance and will conform with all applicable federal, Commonwealth of Puerto Rico and local laws and applicable laws of any relevant foreign jurisdiction.

(6) The Debtor will keep and maintain at its own cost and expense satisfactory and complete records of its Accounts and Contracts, including, but not limited to, the originals of all documentation (including each Contract) with respect thereto, records of all payments received, all credits granted thereon, all merchandise returned and all other dealings therewith, and the Debtor will make the same available to the Administrative Agent for inspection, at the Debtor's own cost and expense, at

any and all reasonable times upon demand. The Debtor shall, at its own cost and expense, deliver all tangible evidence of its Accounts and Contract Rights (including, without limitation, all documents evidencing the Accounts and all Contracts) and such books and records to the Administrative Agent or to its representatives (copies of which evidence and books and records may be retained by the Debtor) at any time upon its demand. If the Administrative Agent so directs, the Debtor shall legend, in form and manner reasonably satisfactory to the Administrative Agent, the Accounts and Contracts, as well as books, records and documents of the Debtor evidencing or pertaining to the Accounts or Contracts with an appropriate reference to the fact that the Accounts and Contracts have been assigned to the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, and that the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, has a security interest therein.

(7) The Debtor shall not rescind or cancel any indebtedness evidenced by any Account or under any Contract, or modify any term thereof or make any adjustment with respect thereto, or extend or renew the same, or compromise or settle any dispute, claim, suit or legal proceeding relating thereto, or sell any Account or Contract, or interest therein, without the prior written consent of the Administrative Agent (to be given with the prior written consent of the Majority Lenders), except as permitted by clause 8 of Section 5.04(c). The Debtor will duly fulfill all obligations on its part to be fulfilled under or in connection with the Accounts and Contracts and will do nothing to impair the rights of the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, in the Accounts or Contracts.

(8) The Debtor shall endeavor to cause to be collected from the account debtor named in each of its Accounts or obligor under any Contract, 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 such Account or Contract, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Account or under such Contract, except that, prior to the occurrence of an Event of Default, the Debtor may allow in the ordinary course of business as adjustments to amounts owing under its Accounts and Contracts (i) an extension or renewal of the time or times of payment, or settlement for less than the total

unpaid balance, which the Debtor finds appropriate in accordance with sound business judgment, and (ii) a refund or credit due as a result of returned or damaged merchandise or improperly performed services. The costs and expenses (including, without limitation, attorneys' fees) of collection, whether incurred by the Administrative Agent or otherwise, shall be borne by the Debtor.

(9) Anything herein to the contrary notwithstanding: (a) the Debtor shall remain liable under the Contracts to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (b) the exercise by the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, of any of the rights hereunder shall not release the Debtor from any of its duties or obligations under the Contracts; and (c) the Administrative Agent, and/or the Lenders shall not have any obligation or liability under the Contracts by reason of this Agreement, nor shall the Administrative Agent and/or the Lenders be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(10) The Debtor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Administrative Agent from time to time such vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to its Accounts, Contracts, Instruments and other property or rights covered by the security interest hereby granted, as the Administrative Agent may reasonably require.

(c) All Collateral.

(1) The Debtor will pay, and save the Administrative Agent and the Lenders harmless from, any and all liabilities, costs and expenses (including, without limitation, legal fees and expenses) (i) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in paying any and all filing, registration and recording fees and re-filing, re-registration and re-recording fees, and all expenses incident to the

execution and acknowledgment of this Agreement, any agreements supplemental hereto and any instrument of further assurance, and any and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Agreement (other than taxes imposed on the income of the Lenders), any agreement supplemental hereto, any security filing referred to above and any instruments of further assurance, (iii) with respect to, or resulting from, any delay in complying with any law or governmental approval applicable to any of the Collateral or (iv) arising out of or in connection with any of the transactions contemplated by this Agreement except for liabilities, costs and related expenses determined by a court of competent jurisdiction by final and nonappellable judgment to have resulted from the gross negligence or willful misconduct of the Lenders and/or the Administrative Agent. In any suit, proceeding or action brought by the Administrative Agent under any Account or Contract for any sum owing thereunder, or to enforce any provisions of any Account or Contract, the Debtor will save, indemnify and keep the Administrative Agent and the Lenders harmless from and against all expenses, loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by the Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from the Debtor, except for liabilities, costs and related expenses determined by a court of competent jurisdiction by final and nonappellable judgment to have resulted from the gross negligence or willful misconduct of the Lenders and/or the Administrative Agent.

(2) The Debtor will do nothing to impair the rights of the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, in the Collateral. The Debtor will at all times keep its Inventory insured in favor of the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, at its own expense, to the Administrative Agent's reasonable satisfaction against fire, theft and all other risks to which such Collateral may be subject; all policies or certificates with respect to such insurance shall be endorsed to the Administrative Agent's satisfaction for the benefit of the Administrative Agent and the Lenders (including, without limitation, by naming the Administrative Agent and the Lenders as additional loss

payees) and deposited with the Administrative Agent. If the Debtor shall fail to insure such Inventory to the Administrative Agent's reasonable satisfaction, or if the Debtor shall fail to so endorse and deposit all policies or certificates with respect thereto, the Administrative Agent shall have the right (but shall be under no obligation) to procure such insurance and the Debtor agrees to reimburse the Administrative Agent for all costs and expenses of procuring such insurance. The Lenders may apply any proceeds of such insurance when received by them toward the payment of any of the Obligations to the extent the same shall then be due. The Debtor assumes all liability and responsibility in connection with the Collateral acquired by it and the liability of the Debtor to pay its Obligations shall in no way be affected or diminished by reason of the fact that such Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to the Debtor.

(3) The Debtor agrees to assign and deliver to the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, such financing statements, in form acceptable to the Administrative Agent, as the Administrative Agent may from time to time reasonably request or as are necessary or desirable in the opinion of the Administrative Agent to establish and maintain a valid, enforceable, first priority security interest in the Collateral as provided herein and the other rights and security contemplated herein, all in accordance with the Uniform Commercial Code as enacted in any and all relevant jurisdictions or any other relevant law. The Debtor will pay any applicable filing fees and related expenses. The Debtor authorizes the Administrative Agent to file any such financing statements without the signature of the Debtor.

5.05 Remedies, Etc. At any time an Event of Default has occurred and is continuing after the Effective Date:

(a) the Debtor shall, at the request of the Administrative Agent, assemble the Collateral owned by it at such place or places, reasonably convenient to the Administrative Agent, designated in its request;

(b) the Administrative Agent may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral;

(c) the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, shall have all of the rights and remedies with respect to the Collateral of a secured party under the Uniform Commercial Code and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Administrative Agent were the sole and absolute owner thereof (and the Debtor agrees to take all such action as may be appropriate to give effect to such right);

(d) the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, in its discretion may, in its name or in the name of the Debtor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so;

(e) at any time that the Administrative Agent is permitted to dispose of the Collateral, the Collateral may be sold or otherwise disposed of in one or more sales, at public or private sale, conducted by an officer or agent of, or auctioneer or attorney for, the Administrative Agent, at any exchange or broker's board or at the Administrative Agent's place of business or elsewhere, for cash, upon credit or for other property, for immediate or future delivery, and at such price or prices and on such terms as the Administrative Agent shall, in its sole discretion deem appropriate. The Lenders may be the purchaser of any or all of the Collateral so sold at a public sale and thereafter hold the same, absolutely free from any right or claim of whatsoever kind and the obligations of the Debtor to such purchaser may be applied as a credit against the purchase price. Subject to the requirement of commercial reasonability of Section 9-504(3) of the Uniform Commercial Code, the Administrative Agent may, in its sole discretion, at any such sale restrict the prospective bidders or purchaser as to their number, nature of business and investment intention. Upon any such sale the Lenders shall have the right to deliver, assign and transfer to the purchaser thereof (including the Lenders or any of their successors or assigns) the Collateral so sold. Each purchaser (including the Lenders and their respective successors and assigns) at any such sale shall hold the Collateral so sold, absolutely free from any claim or right of whatsoever kind, including any equity or right of redemption, of the Debtor, and the Debtor hereby specifically waives, to the full extent it may lawfully do so, all rights of redemption, stay or appraisal which it has or may have under any rule of law or

statute now existing or hereafter adopted. The Administrative Agent shall give the Debtor at least ten (10) Business Days' notice (which the Debtor agrees is reasonable notification within the meaning of Section 9-504(3) of the Uniform Commercial Code) of any such public or private sale. Such notice, in case of public sale, shall state the time and place fixed for such sale. Any such public sale shall be held at such time or times within ordinary business hours as the Administrative Agent shall fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels. The Administrative Agent shall not be obligated to make any sale pursuant to any such notice. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and any such sale may be made at any time or place to which the same may be so adjourned without further notice or publication. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Administrative Agent until the full selling price is paid by the purchaser thereof, but the Administrative Agent shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold, and, in case of any such failure, such Collateral may again be sold pursuant to the provisions hereof;

(f) The receipt of the Administrative Agent for the purchase money paid at any such sale made by it shall be sufficient discharge therefor to any purchaser of the Collateral, or any portion thereof, sold as aforesaid; and no such purchaser (or the representatives or assigns of such purchaser), after paying such purchase money and receiving such receipt, shall be bound to see the application of such purchase money or any part thereof or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such purchase money, or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale;

(g) Instead of exercising the power of sale provided in the preceding clauses of this Section 5.05, the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, may proceed by a suit or suits at law or in equity to foreclose the pledge and security interest and assignment under this Agreement and sell the Collateral or any portion thereof under a judgment or decree of a court or courts of competent jurisdiction;

(h) The Administrative Agent as attorney-in-fact pursuant to Section 5.10 hereof may, in the name and stead of

the Debtor, make and execute all conveyances, assignments and transfers of the Collateral sold pursuant to this Section 5.05, and the Debtor hereby ratifies and confirms all that the Administrative Agent, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Debtor shall, if so requested by the Administrative Agent, ratify and confirm any sale or sales by executing and delivering to the Administrative Agent, or to such purchaser or purchasers, all such instruments as may, in the judgment of the Administrative Agent, be advisable for the purpose; and

(i) The rights and powers of the Administrative Agent contained in the preceding clauses of this Section 5.05 shall be in addition to, and not a limitation upon, any rights and powers of the Administrative Agent given by law, the Uniform Commercial Code (whether or not the Uniform Commercial Code applies to the affected Collateral) and under the Uniform Commercial Code as from time to time in effect in the Commonwealth of Puerto Rico or the state in which the Collateral is located, by any other provisions of this Agreement or otherwise and shall be enforceable to the maximum extent then permitted at law or in equity.

The proceeds of each collection, sale or other disposition under this Section 5.05, including by virtue of the exercise of the license granted to the Administrative Agent in Section 5.04(a) hereof, shall be applied in accordance with Section 5.09 hereof.

5.06 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to Section 5.05 hereof are insufficient to cover the reasonable costs and expenses of such realization and the payment in full of the Obligations, the Debtor shall remain liable for any deficiency.

5.07 Removals, Etc. Without at least 30 days' prior written notice to the Administrative Agent, the Debtor shall not (i) maintain any of its books and records with respect to the Collateral at any office or maintain its principal place of business at any place, or permit any Inventory to be located anywhere, other than at the location(s) identified in Annex 1 hereto or in transit from one of such locations to another or (ii) change its name, or the name under which it does business, from the name shown on the signature page hereto.

5.08 Private Sale. The Administrative Agent and the Lenders shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to Section 5.05 hereof conducted in a commercially reasonable manner. Subject to the requirement of commercial reasonability of Section 9-504(3) of the Uniform Commercial Code, the Debtor hereby waives any claims against the Administrative Agent and the Lenders arising

by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Obligations, even if the Administrative Agent accepts the first offer received and does not offer the Collateral to more than one offeree.

5.09 Application of Proceeds. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Administrative Agent under Section 4 hereof or this Section 5, may, in the discretion of the Majority Lenders, be held by the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, as collateral for, and/or then or at any time thereafter applied in whole or in part by the Lenders against, all or any part of the Obligations in such order as the Lenders shall elect. Any proceeds remaining after payment in full of the Obligations and following the termination of this Agreement pursuant to Section 5.12 hereof shall be paid by the Administrative Agent to the Debtor or to the extent directed by the Debtor or a court of competent jurisdiction, to whomever may be lawfully entitled to receive such proceeds.

As used in this Section 5, "proceeds" of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of the Debtor on any of the Collateral.

5.10 Attorney-in-Fact. The Debtor irrevocably appoints any officer of the Administrative Agent with a title of Vice President or higher with full power of substitution as the attorney-in-fact until the payment in full of the Obligations and the termination of this Agreement, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments that such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Debtor hereby gives the Administrative Agent the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

- i. in the case of any Account, at any time when the authority of the Debtor to collect the Accounts has been curtailed or terminated pursuant to any provision of this Agreement, or in the case of any other Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of the Debtor of its own name, or otherwise, to take possession of and indorse and

collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or as otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Account, Instrument, or Contract or with respect to any other Collateral whenever payable;

- ii. upon the occurrence and during the continuance of any Event of Default, to pay or discharge taxes and liens levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the expenses and premiums therefor and the costs thereof; and
- iii. upon the occurrence and during the continuance of any Event of Default, (A) to direct any 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 party thereof and to enforce any other right in respect of any Collateral; (C) to defend any suit, action or proceeding brought against the Debtor with respect to any Collateral; (D) to settle, compromise or adjust any suit, action or proceeding described in clause (D) above and, in connection therewith, to give such discharges or releases as the Administrative Agent may deem appropriate; and (E) to assign, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral for all purposes, and to do, at the Administrative Agent's option and the Debtor's expense, at any time, or from time to time, all acts and things that the Administrative Agent reasonably deems necessary to protect, preserve or realize upon the Collateral for its benefit and for the ratable benefit of the Lenders, liens thereon and to effect the intent of this Agreement, all as fully and effectively as the Debtor might do.

The powers conferred on the Administrative Agent under the preceding clause of this Section 5.10 are solely to protect the Administrative Agent's, for its benefit and for the ratable benefit of the Lenders, interests in the Collateral and shall not impose any duty upon the Administrative Agent to exercise any such powers.

The Administrative Agent 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, affiliates or agents shall be responsible to the Debtor for any act or failure to act hereunder, except solely for their direct own gross negligence or willful misconduct determined by a court of competent jurisdiction by final and nonappellable judgment.

5.11 Perfection. On the Effective Date of this Agreement, the Debtor shall file such financing statements and other documents in such offices as shall be necessary or advisable or as the Administrative Agent may reasonably request to perfect the security interests granted by Section 3 of this Agreement.

5.12 Termination. When all Obligations (other than those obligations in the nature of continuing indemnities and reimbursements arising after the date all other Obligations have been paid in full) shall have been paid in full and the Credit Agreement shall have terminated, this Agreement shall terminate, and the Administrative Agent shall, upon the Debtor's request and at the Debtor's expense, forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof. The Administrative Agent shall also, upon the Debtor's request and at the Debtor's expense, execute and deliver to the Debtor upon such termination such Uniform Commercial Code termination statements and such other documentation as shall be reasonably requested by the Debtor to effect the termination and release of the Liens on the Collateral.

5.13 Further Assurances. The Debtor agrees that, from time to time after the Effective Date upon the written request of the Administrative Agent, the Debtor will execute and deliver such further documents and do such other acts and things as the Administrative Agent may reasonably request in order fully to effect the purposes of this Agreement.

## Section 6. Miscellaneous.

6.01 No Waiver; Cumulative Remedies. Neither the Administrative Agent nor the Lenders shall by any act (except by a written instrument pursuant to Section 6.04 hereof), 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 or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent and/or the Lenders, 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 and/or the Lenders 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 and/or the Lenders 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 rights or remedies provided by law or by the Credit Agreement or otherwise and shall be enforceable to the maximum extent then permitted at law or in equity.

6.02 Notices. All notices, requests, consents and demands hereunder shall be sent in the manner and to the intended recipient at its "Address for Notices" specified pursuant to the Credit Agreement and shall be deemed to have been given at the times specified in the Credit Agreement.

6.03 Expenses. The Debtor agrees to reimburse the Administrative Agent and the Lenders for all reasonable costs and expenses of the Administrative Agent and the Lenders (including, without limitation, the reasonable fees and expenses of legal counsel) in connection with (i) any Default and any enforcement or collection proceeding resulting therefrom, including, without limitation, all manner of participation in or other involvement with (w) performance by the Administrative Agent or any Lenders of any obligations of the Debtor in respect of the Collateral that the Debtor has failed or refused to perform, (x) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings relating to the Debtor, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, in respect thereof, by litigation or otherwise, including expenses of insurance, (y) judicial or regulatory proceedings and (z) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated), and (ii) the enforcement of this Section 6.03, and all such costs and expenses shall be Obligations entitled to the benefits of the collateral security provided pursuant to Section 3 hereof and of the other provisions of this Agreement.

6.04 Amendments, Etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by the Debtor and the Administrative Agent (executed with the prior written consent of the Majority Lenders).

6.05 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Debtor, the Administrative Agent and each holder

of any of the Obligations (provided, however, that the Debtor shall not assign or transfer its rights hereunder without the prior written consent of the Administrative Agent, to be given with the prior written consent of the Majority Lenders).

6.06 Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

6.07 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

6.08 Governing Law. This Agreement is to be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico without respect to any otherwise applicable principles of conflict of law, both as to interpretation and performance.

6.09 Administrative Agent and Attorneys-in-Fact. The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith.

6.10 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Administrative Agent and the Lenders in order to carry out the intentions of the parties hereto as nearly as may be possible, and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

6.11 Waiver of Trial By Jury. THE DEBTOR, THE ADMINISTRATIVE AGENT AND THE LENDERS EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

6.12 Request For Statement. Any request for statement of account or list of Collateral made to the Administrative Agent, under Section 9-208 of the Uniform Commercial Code, shall be in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or seven Business Days after being deposited in the United States

mail, certified and return receipt requested, first class postage prepaid, at the address set forth in the Credit Agreement.

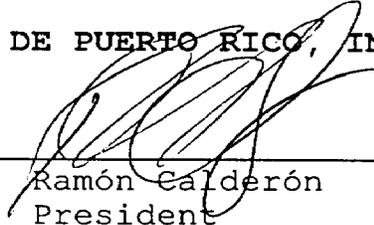
6.13 Recourse To The Debtor. This Agreement is made with full recourse to the Debtor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of the Debtor contained herein, in the other Loan Documents and otherwise in writing in connection herewith or therewith.

6.14 Obligations Absolute. The obligations of the Debtor under this Agreement shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (i) any renewal, extension, amendment or modification of, or addition or supplement to or deletion from, any of the Loan Documents or any other instrument or agreement referred to therein, or any assignment or transfer of any thereof; (ii) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any such instrument or agreement or this Agreement or any exercise or non-exercise of any right, remedy, power or privilege under or in respect of this Agreement or any other Loan Document; (iii) any furnishing of any additional security to the Administrative Agent, for its benefit and for the ratable benefit of the Lenders, or any acceptance thereof or any sale, exchange, release, surrender or realization of or upon any security by the Administrative Agent; or (iv) any invalidity, irregularity or unenforceability of all or part of the Obligations or of any security therefor.

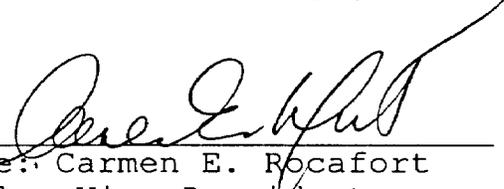
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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

**HOLSUM DE PUERTO RICO, INC.**

By:   
Name: Ramón Calderón  
Title: President

**FIRSTBANK PUERTO RICO**

By:   
Name: Carmen E. Rocafort  
Title: Vice-President

Affidavit No. 237

Acknowledged and subscribed before me in San Juan, Puerto Rico, on this 17<sup>th</sup> day of January, 2001, by the following persons whom are personally known to me: Ramón Calcerón, of legal age, single, property owner and resident of Bayamón, Puerto Rico, as President of **HOLSUM DE PUERTO RICO, INC.**, and Carmen E. Rocafort, of legal age, married, banker and resident of San Juan, Puerto Rico, as Vice-President of **FIRSTBANK PUERTO RICO**.

  
Notary Public



## LIST OF LOCATIONS

See Sections 2(b) and 5.07

(1) Principal Place of Business:

Road No. 2 Km. 20.1, Bo. Candelaria, Toa Baja, P. R. 00949

(2) Principal Executive Office:

SAME AS 1 ABOVE.

(3) Properties

(A) Road No. 2, Km. 118.2, Aguadilla, Puerto Rico

(B) Street Post No. 106 North, Mayaguez, Puerto Rico

(C) Bo. Calzada, Road No. 1, Km. 121.5, Ponce, Puerto Rico

(D) Road No. 2, Km. 40.2, Vega Baja, Puerto Rico

(4) Location of Leases:

(A) Road No. 2, Km. 57.2, Barceloneta, Puerto Rico

(B) Urb. Caná, Bloque RR-13, Bayamón, Puerto Rico

(C) Magnolia Ave., in front of Corner Francisco Oller St.,  
Bayamón, Puerto Rico(D) Road No. 848, Km. 0.2, Saint Just Ward, Trujillo Alto,  
Puerto Rico

(E) Emérito Estrada Ave. No. 1107, San Sebastián, Puerto Rico

(F) Road No. 2, Km. 40.2, Vega Baja, Puerto Rico

(G) Road No. 167, Km. 9.5, Bayamón, Puerto Rico

(H) 65<sup>th</sup> Inf. Ave., Km. 11, Road 853 Barrazas, Carolina,  
Puerto Rico

Corporate, Trade or Fictitious Name

See Sections 2(d)

**HOLSUM DE PUERTO RICO, INC.:**

- (1) HDPR Acquisitions, Corp.
- (2) Holsum Bakers of Puerto Rico, Inc.
- (3) Holsum Bakers of Puerto Rico, LLC
- (4) Holsum Bakers of Puerto Rico, Division of Seaboard Corporation

## CONSENT

The undersigned, The W.E. Long Co. – Independent Bakers' Cooperative (the "Company"), a corporation organized under the laws of the State of Illinois, hereby acknowledges notice and receipt of, and consents only to the terms and provisions of, and the transactions contemplated by, the Security Agreement, dated as of January 17, 2001, as they may apply to a certain License Agreement dated the 11th day of January, 1997 (referred to in paragraph 1b. herein), by and between the Company and Holsum de Puerto Rico, Inc. (formerly known as HDPR Acquisitions Corp.) (the "Borrower"), the form of which is attached hereto as Exhibit A (as the same may be amended, supplemented or otherwise modified from time to time (the "Security Agreement"), made by the Borrower in favor of FirstBank Puerto Rico, as administrative agent (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent") for each of the Lenders referred to therein, and the Company hereby agrees with the Administrative Agent for the benefit of the Lenders as follows:

1. **Consent.**

- a. The Company hereby consents to the Borrower's assignment and/or granting of a security interest in the Borrower's interest under the Assigned Agreement (as hereinafter defined) to the Administrative Agent for the benefit of the Lenders as security for the obligations, and the Company hereby waives, only as to this transaction between Borrower and Lenders, any provision of the Assigned Agreement prohibiting or otherwise restricting any such assignment. The Company further consents to the terms of the Security Agreement and the transactions contemplated thereby, only as to the right to assign the "Assigned Agreement," or otherwise succeed to or transfer to its designee the interest of the Borrower under the Assigned Agreement, in each case subject to the terms hereof.
- b. As used herein, "Assigned Agreement" means the License Agreement dated as of January 11, 1997, between the Company and Holsum Bakers of Puerto Rico (a division of Seaboard Corporation), as such agreement may be amended, supplemented or otherwise modified from time to time, and any agreements, instruments, clarification letter or other documents relating thereto, which License Agreement was subsequently transferred to Borrower pursuant to the Stock and Asset Purchase Agreement, dated as of November 9, 1998, by and between Seaboard Corporation, as Seller, and Borrower and CB Acquisitions Corp., as Buyers.

2. **Cancellation, etc.** The Company shall not, without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld:

- a. suspend, cancel or terminate the Assigned Agreement, or consent to or accept any suspension, cancellation or termination of the Assigned Agreement (whether as a result of a bankruptcy or insolvency proceeding in respect of the Borrower, or otherwise);

- b. amend, supplement or otherwise modify the Assigned Agreement (as in effect on the date hereof), provided, however, that the Company and the Borrower may make amendments or modifications to the Assigned Agreement, so long as:
  - i. any such amendment or modification would not impair the value of the interest or rights of the Borrower thereunder or impair the interest or rights of the Administrative Agent; and
  - ii. the Borrower and/or the Company provides the Administrative Agent with a copy of such amendment or modification at least ten (10) business days prior to the effective date thereof;
- c. petition, request or take any other legal or administrative action that seeks, or may reasonably be expected, to rescind, terminate or suspend the Assigned Agreement; or
- d. assign or otherwise transfer any of its rights, title and interest in, or delegate its duties under, the Assigned Agreement; provided, however, that the Company shall have the right to terminate the Assigned Agreement after a breach or default by the Borrower thereunder if, and only if,
  - i. the company gives prior written Notice of Borrower's Default to the Administrative Agent of its intent to terminate the Assigned Agreement and the basis for such termination; and
  - ii. the Administrative Agent fails to cure, any event giving rise to the Company's right to terminate the Assigned Agreement within thirty (30) days after the date of the Administrative Agent's receipt of the said Notice of Borrower's Default.

3. **Notices under Assigned Agreement.** The Company shall deliver to the Administrative Agent at its address specified in Section 7 hereof (or to such other person or entity or in such other manner as the Administrative Agent may from time to time hereafter specify in writing), a copy of:

- a. each notice, request or demand given by the Company purporting to identify any breach or default by the Borrower under the assigned Agreement in addition to the Notice of Default; and
- b. any other notice, request or demand given or received by the Company relating to any material matter concerning the Assigned Agreement.

4. **Liability, Exercise of Rights.**

- a. The Company acknowledges and agrees that neither the Administrative Agent nor any of the other Lenders shall have any obligation or liability under the

Assigned Agreement by reason of the Security Agreement, nor shall the Administrative Agent or any of the other Lenders be obligated to perform any of the obligations or duties of the Borrower or any other person or entity under the Assigned Agreement, or to take any action or collect or enforce any claim for payment assigned under the Security Agreement; provided, however, that the Administrative Agent shall have the right, at its discretion, to perform, or cause to be performed, any such obligation or duty of the Borrower under the Assigned Agreement.

- b. Without limitation of the foregoing, the Administrative Agent shall be entitled:
- i. upon the occurrence and during the continuance of an Event of Default, to exercise and enforce any and all rights of the Borrower under the Assigned Agreement; and/or
  - ii. to perform, discharge and/or pay in full, and to cure any default in respect of, any and all obligations and liabilities, now or hereafter arising, of the Borrower to the Company under the Assigned Agreement (and notwithstanding any provision to the contrary in the Assigned Agreement, such performance, discharge, payment in full or cure may be effected during the thirty (30)-day period following the date upon which any such obligation or liability was due to be performed thereunder).

Any such exercise, enforcement, performance, discharge, payment or cure by the Administrative Agent shall not be construed as an assumption by the Administrative Agent or any other Lender of the obligations and duties of the Borrower under the Assigned Agreement, unless otherwise expressly agreed to in writing by the Administrative Agent. The Company shall, to the extent not in conflict with its obligations under the Assigned Agreement, comply in all respects with the exercise by the Administrative Agent of its rights hereunder and shall promptly execute and deliver to the Administrative Agent all reasonable instruments, documents or other information and take any reasonable action necessary or desirable or that the Administrative Agent may request, in order to enable the Administrative Agent to exercise all such rights.

- c. Upon exercise by the Administrative Agent of any of the remedies set forth in Section <sup>5.05</sup> of the Security Agreement, the Administrative Agent may assign its rights and interests, and the rights and interests of the Borrower under the Assigned Agreement, to any purchaser or transferee of all or any portion of the assets or business of the Borrower, provided that:
- i. such purchaser or transferee shall assume, pursuant to a written instrument, all of the obligations of the Borrower under the Assigned Agreement arising after the date of assignment;

- ii. the Administrative Agent notifies the Company in writing of such purchaser or transferee (including, without limitation, a description of such purchaser's or transferee's experience in the business of making, distributing and selling bakery products) within sixty (60) days after the occurrence of the Event of Default giving rise to such exercise of remedies by the Administrative Agent (it being understood that such notice by the Administrative Agent may be made on one or more occasions during such sixty (60)-day period in the event that the Company does not consent, as described below, to any proposed purchaser or transferee, or, if the Administrative Agent for any reason determines to propose an alternative purchaser or transferee);
- iii. such purchaser or transferee executes a Patronage Agreement substantially in the form of Exhibit B hereto; and
- iv. the Company consents in writing to such purchaser or transferee. The Company agrees that it shall not unreasonably withhold or delay its consent to any such purchaser or transferee and shall give such consent if the proposed purchaser or transferee:
  - (1) is a member of the Company; or
  - (2) meets the Company's standards and qualifications that are customarily considered by the Company's membership committee in determining whether to accept a new member.
- d. Without limitation of paragraph c. above, the Administrative Agent agrees to consult in good faith with the Company promptly after the Administrative Agent determines to assign the rights and interests of the Borrower under the Assigned Agreement to any purchaser or transferee of all or any portion of the assets or business of the Borrower in order to identify a potential purchaser or transferee that would be mutually acceptable to the Administrative Agent and the Company (it being understood that the Administrative Agent shall have no obligation to assign the rights and interests of the Borrower under the Assigned Agreement to any person or entity identified by the Company). The Company agrees to cooperate in good faith with the Administrative Agent in the identification of a potential purchaser or transferee and agrees to introduce the Administrative Agent to existing members of the Company and/or to other potentially interested parties known to the Company who may be interested in purchasing the assets or the business of the Borrower.

5. **Binding Effect.** This Consent shall be binding upon the successors and permitted assigns of the Company and shall inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent and the other Lenders and their respective successors, transferees and assigns. The Company hereby acknowledges and agrees that the Administrative Agent may, in its capacity as Administrative Agent on behalf of the Lenders and to the extent not prohibited under the Credit Agreement, transfer, convey or assign all of its right,



11. **Execution in Counterparts.** This Consent may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which, when so executed, shall be deemed to be an original and all of which taken together shall constitute one and the same.

IN WITNESS WHEREOF, the Company has duly executed this Consent as of the date set forth below.

Dated as of January 17, 2001.

THE W.E. LONG COMPANY –  
INDEPENDENT BAKERS' COOPERATIVE

By: Bernard Forrest  
Name: BERNARD FORREST  
Title: PRESIDENT

ACCEPTED:

FIRSTBANK PUERTO RICO  
as Administrative Agent for the Lenders

By: Carmen Rocafort  
Name: CARMEN ROCARFORT  
Title: \_\_\_\_\_

ACKNOWLEDGED and AGREED:

HOLSUM DE PUERTO RICO, INC.

By: Ramón Calerón  
Name: Ramón Calerón  
Title: President