06-12-2001

101745187

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

6-7-61

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

JUN -7 2001

# RECORDATION FORM COVER SHEET
# TRADEMARKS ONLY

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

## Submission Type

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

## Conveyance Type

- [ ] Assignment
- [ ] License
- [X] Security Agreement
- [ ] Nunc Pro Tunc Assignment
- [ ] Merger
- Effective Date Month Day Year
- [ ] Change of Name
- [ ] Other

## Conveying Party

[X] Mark if additional names of conveying parties attached

Execution Date Month Day Year: 03 29 01

Name: ON COMMAND CORPORATION

Formerly:

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

## Receiving Party

[ ] Mark if additional names of receiving parties attached

Name: THE BANK OF NEW YORK, as Administrative Agent

DBA/AKA/TA:

Composed of:

Address (line 1):

Address (line 2): ONE WALL STREET

Address (line 3): NEW YORK (City) NEW YORK (State/Country) 10286 (Zip Code)

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

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

FOR OFFICE USE ONLY

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

## Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

## Correspondent Name and Address

Area Code and Telephone Number (212) 692-1975

Name BRYAN CAVE LLP

Address (line 1) SHARON ELWIN, LEGAL ASSISTANT

Address (line 2) 245 PARK AVENUE

Address (line 3) NEW YORK, NY 10167-0034

Address (line 4)

## Pages

Enter the total number of pages of the attached conveyance document including any attachments. # 58

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

[X] 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) | | |
|---|---|---|---|---|---|
| 74/599089 | 75/710648 | 75/766833 | 941768 | 1277395 | 1277396 |
| 75/868380 | | | 1281887 | 1597838 | 1945402 |
| | | | 1979294 | 1983510 | 2020680 |

## Number of Properties

Enter the total number of properties involved. # 19

## Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): $ 490.00

Method of Payment: Enclosed [X] 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 [X]

## 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.*

LORI POTTS
Name of Person Signing

Lori Potts
Signature

6/04/01
Date Signed

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Expires 06/30/99
OMB 0651-0027

# RECORDATION FORM COVER SHEET
## CONTINUATION
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U.S. Department of Commerce
Patent and Trademark Office
**TRADEMARK**

## Conveying Party
Enter Additional Conveying Party

[X] Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

[ ] Individual [ ] General Partnership [ ] Limited Partnership [ ] Corporation [ ] Association

[ ] Other

[ ] Citizenship State of Incorporation/Organization

## Receiving Party
Enter Additional Receiving Party

[ ] Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

[ ] Individual [ ] General Partnership [ ] Limited Partnership

[ ] Corporation [ ] Association

[ ] Other

[ ] 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 the Assignment.)*

[ ] Citizenship/State of Incorporation/Organization

## 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) | | |
|---|---|---|---|---|---|
| | | | 2085475 | 2147019 | 2147020 |
| | | | 2245482 | 2343942 | 2349986 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

## SCHEDULE I TO THE SECURITY AGREEMENT

## GRANTORS

| Grantor | Address for Notices |
|---|---|
| On Command Video Corporation<br>Delaware Corporation | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |
| On Command Development Corporation<br>Delaware Corporation | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |
| Spectravision, Inc.<br>Delaware Corporation | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |
| Spectradyne International, Inc.<br>Delaware Corporation | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |
| Hotel Digital Network, Inc.<br>California Corporation | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |

# SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of March 29, 2001, among ON COMMAND CORPORATION, a Delaware corporation (the "Borrower"), each of the Subsidiaries of the Borrower listed on Schedule I (each such Subsidiary, individually, a "Guarantor" and, collectively, the "Guarantors"; the Guarantors and the Borrower are referred to collectively herein as the "Grantors"), and THE BANK OF NEW YORK, as administrative agent under the Credit Agreement referred to in the next paragraph.

Reference is made to the Credit Agreement, dated as of July 18, 2000, by and among the Borrower, the Lenders party thereto, Toronto Dominion (Texas), Inc. and Fleet National Bank as Documentation Agents, Bank of America, N.A., as Syndication Agent, The Bank of New York Company, Inc., as the Swingline Lender, and The Bank of New York, as the Issuing Bank and as Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement").

The Lenders have agreed to make Loans to, and the Issuing Bank has agreed to issue Letters of Credit for the account of, the Borrower pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Guarantors has agreed to guarantee pursuant to the Guarantee Agreement, among other things, all of the obligations of each Obligor under the Loan Documents. The obligations of the Lenders to make Loans and the Issuing Bank to issue Letters of Credit are conditioned upon, among other things, the execution and delivery by the Grantors of an agreement in the form hereof to secure the Obligations.

Amendment No. 1 to the Credit Agreement, dated as of March 27, 2001, requires that the Borrower and the Guarantors execute and deliver this Security Agreement.

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

Section 1. Definitions

(a) Unless the context otherwise requires, capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

(b) As used herein, the following terms shall have the following meanings:

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



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"Accounts" means any and all right, title and interest of any Grantor to payment for goods and services sold or leased, including any such right evidenced by chattel paper, whether due or to become due, whether or not it has been earned by performance, and whether now or hereafter acquired or arising in the future, including accounts receivable from Affiliates of the Grantors.

"Accounts Receivable" means all Accounts and all right, title and interest in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary, in each case whether now existing or owned or hereafter arising or acquired.

"Borrower" has the meaning assigned to such term in the preliminary statement of this Security Agreement.

"Collateral" means, when used with respect to any Grantor, all of such Grantor's (i) Accounts Receivable, (ii) Commercial Tort Claims, (iii) Equipment, (iv) General Intangibles, (v) Inventory, (vi) Investment Related Property, (vii) Letter of Credit Rights, (viii) Pledged Debt, (ix) Pledged Equity, (x) other property owned or held by or on behalf of such Grantor that may be delivered to and held by the Administrative Agent pursuant to the terms hereof, (xi) notes, chattel paper, instruments, certificates, files, records, ledger sheets and documents covering, evidencing, representing or relating to any of the items referred to in subclauses (i) through (x) of this clause, in each case whether now existing or owned or hereafter arising or acquired, and (xii) Proceeds of any of the items referred to in subclauses (i) through (xi) of this clause. Notwithstanding anything to the contrary in any Loan Document, for purposes hereof, the term "Collateral" shall not include any right under any lease, License or other contract or agreement (other than any Account Receivable, Copyright License, Patent License or Trademark License) if the granting of a security interest therein or an assignment thereof would violate any enforceable provision of such lease, License or other contract or agreement, as applicable (other than to the extent that any such provision would be rendered ineffective pursuant to Section 9.318(4) of the UCC (or any successor provisions, including Section 9.406 of Revised Article 9) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity) or would otherwise constitute a violation of law, regulation or policy; provided, immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and each Grantor shall be deemed to have granted a security interest in, all such rights and interests as if such provisions had never been in effect, and, provided that each of the Grantors, jointly with the other and severally, represents and warrants to the Administrative Agent and the Secured Parties that such leases, Licenses and other contracts and agreements, taken as a whole, are not material.



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To the extent the UCC is revised after the date hereof such that the definition of any of the capitalized terms included in the description of Collateral is changed, the parties hereto desire that any property which is included in such changed definitions which would not otherwise be included in the foregoing grant on the date hereof be included in such grant immediately upon the effective date of such revision. Notwithstanding the immediately preceding sentence, the foregoing grant is intended to apply immediately on the date hereof to all Collateral to the fullest extent permitted by applicable law regardless of whether any particular item of Collateral is currently subject to the UCC.

"Commercial Tort Claims": all "commercial tort claims", as defined in Revised Article 9.

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

"Copyrights" means all of the following now owned or hereafter acquired by any Grantor: (i) all copyright rights in any work subject to the copyright laws of the United States, whether as author, assignee, transferee or otherwise, and (ii) all registrations and applications for registration of any such copyright in the United States, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office of any State of the United States, including those listed on Schedule II.

"Credit Agreement" has the meaning assigned to such term in the preliminary statement of this Security Agreement.

"Credit Party" each of the Administrative Agent, the Issuing Bank, the Swingline Lender and the Lenders.

"Equipment" means all equipment, furniture and furnishings, and all tangible personal property similar to any of the foregoing, including tools, parts and supplies of every kind and description, and all improvements, accessions or appurtenances thereto, that are now or hereafter owned by any Grantor.

"Equity Interests" means, with respect to (i) a corporation, the capital stock thereof, (ii) a partnership, any partnership interest therein, including all rights of a partner in such partnership, whether arising under the partnership agreement of such partnership or otherwise, (iii) a limited liability company, any membership interest therein, including all rights of a member of such limited liability company, whether arising under the limited liability company agreement of such limited liability company or



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otherwise, (iv) any other firm, association, trust, business enterprise or other entity that is similar to any other Person listed in clauses (i) through (iii), and this clause (iv), of this definition, any equity interest therein or any other interest therein that entitles the holder thereof to share in the revenue, income, earnings or losses thereof or to vote or otherwise participate in any election of one or more members of the managing body thereof and (v) all warrants and options in respect of any of the foregoing and all other securities that are convertible or exchangeable therefor.

"Foreign CFC Subsidiary" means a Subsidiary which is a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Foreign Shares" has the meaning assigned to such term in Section 3(b).

"General Intangibles" means all choses in action and causes of action and all other assignable intangible personal property of any Grantor of every kind and nature (other than Accounts Receivable, Pledged Equity and Pledged Debt) now owned or hereafter acquired by any Grantor, including corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, interest rate protection agreements and other agreements), Intellectual Property, Payment Intangibles, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any of the Accounts Receivable or payment by the relevant obligor of any of the Pledged Debt.

"Grantors" has the meaning assigned to such term in the preliminary statement of this Security Agreement.

"Guarantor" and "Guarantors" have the meanings assigned to such terms in the preliminary statement of this Security Agreement.

"Hedging Agreement" means any swap agreement, cap agreement, collar agreement, futures contract, forward contract or similar agreement or arrangement entered into to protect against or mitigate the effect of fluctuations in interest rates, foreign exchange rates or prices of commodities used in the business of the Borrower and its Subsidiaries.

"Indemnitee" has the meaning assigned to such term in Section 10(b).

"Intellectual Property" means all intellectual and similar property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, domain names, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all



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additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"Inventory" means all goods of any Grantor, whether now owned or hereafter acquired, held for sale or lease, or furnished or to be furnished by any Grantor under contracts of service, or consumed in any Grantor's business, including raw materials, intermediates, work in process, packaging materials, finished goods, semi-finished inventory, scrap inventory, manufacturing supplies and spare parts, and all such goods that have been returned to or repossessed by or on behalf of any Grantor.

"Investment Related Property" means (i) all "investment property" (as such term is defined in the UCC) and (ii) all of Pledged Securities (regardless of whether classified as investment property under the UCC).

"Letter of Credit Right" shall have the meaning specified in Revised Article 9.

"License" means any Patent License, Trademark License, Copyright License or other license or sublicense to which any Grantor is a party, including those listed on Schedule III.

"Maximum Percentage" has the meaning assigned to such term in Section 3(b).

"Obligations" means (i) the due and punctual payment of (a) principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (b) all other monetary obligations, including fees, commissions, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties to the Secured Parties, or that are otherwise payable to any Credit Party, under the Credit Agreement and the other Loan Documents, (ii) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Loan Parties under or pursuant to the Credit Agreement and the other Loan Documents and (iii) unless otherwise agreed upon in writing by the applicable Lender party thereto, all obligations of the Borrower, monetary or otherwise, under each Hedging Agreement entered into with a counterparty and that was a Lender (or an Affiliate thereof) at the time such Hedging Agreement was entered into.

"Patent License" means any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent,



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now or hereafter owned by any Grantor or which any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement.

"Patents" means all of the following now owned or hereafter acquired by any Grantor: (i) all letters patent of the United States, all registrations and recordings thereof and all applications for letters patent of the United States, including registrations, recordings and pending applications in the United States Patent and Trademark Office, including those listed on Schedule IV, and (ii) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Payment Intangible": shall have the meaning specified in Revised Article 9.

"Perfection Certificate" means a certificate substantially in the form of Annex 1, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by the chief executive officer or a Financial Officer of the Borrower.

"Pledged Debt" means all right, title and interest of any Grantor to the payment of any loan, advance or other debt of every kind and nature (other than Accounts Receivable and General Intangibles), whether due or to become due, whether or not it has been earned by performance, and whether now or hereafter acquired or arising in the future, provided, however, that, notwithstanding anything to the contrary in this definition, for purposes hereof, the term "Pledged Debt" shall not, unless otherwise required by the Administrative Agent, include any Permitted Investment.

"Pledged Equity" means all right, title and interest of any Grantor in any Equity Interests, whether now or hereafter acquired or arising in the future, provided that, in the case of Equity Interests in a Foreign CFC Subsidiary, Pledged Equity shall not exceed the Maximum Percentage of the Foreign Shares of such Foreign CFC Subsidiary.

"Pledged Securities" means the Pledged Debt, the Pledged Equity and all notes, chattel paper, instruments, certificates, and documents evidencing or representing any of the foregoing, in each case whether now existing or owned or hereafter arising or acquired.

"Proceeds" means, when used with respect to any Collateral, any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes such Collateral, any value received as a consequence of the possession of such Collateral and any payment received from any insurer or other



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person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property that constitutes such Collateral, and shall include (i) any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (a) past, present or future infringement of any Patent now or hereafter owned by any Grantor, or licensed under a Patent License, (b) past, present or future infringement or dilution of any Trademark now or hereafter owned by any Grantor, or licensed under a Trademark License, or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by any Grantor, (c) past, present or future breach of any License and (d) past, present or future infringement of any Copyright now or hereafter owned by any Grantor, or licensed under a Copyright License, (ii) subject to Section 6, all rights and privileges with respect to, and all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, any of the Pledged Securities and (iii) any and all other amounts from time to time paid or payable under or in connection with such Collateral.

"Record" shall have the meaning specified in Revised Article 9.

"Revised Article 9": the 1999 Official Text of Article 9 of the UCC with conforming amendments to Articles 1, 2, 2a, 4, 5, 6, 7 and 8.

"Secured Parties" means (i) the Credit Parties, (ii) unless otherwise agreed upon in writing by it, each counterparty to a Hedging Agreement entered into with the Borrower if such counterparty was a Lender (or an Affiliate thereof) at the time the Hedging Agreement was entered into, (iii) the beneficiaries of each indemnification obligation undertaken by any Grantor under any Loan Document and (iv) the successors and assigns of each of the foregoing.

"Security Interest" has the meaning assigned to such term in Section 2(a).

"Trademark License" means any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by any Grantor or which any Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

"Trademarks" means all of the following now owned or hereafter acquired by any Grantor: (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark



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Office, any State of the United States, and all extensions or renewals thereof, including those listed on Schedule V, (ii) all goodwill associated therewith or symbolized thereby and (iii) all other assets, rights and interests that uniquely reflect or embody such goodwill.

"UCC": the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

(c) The rules of interpretation specified in Section 1.2 of the Credit Agreement shall be applicable to this Security Agreement.

Section 2. Grant of Security Interest; No Assumption of Liability

(a) Grant of Security Interest. As security for the payment or performance, as applicable, in full of the Obligations, each of the Grantors hereby bargains, sells, conveys, assigns, sets over, mortgages, pledges, hypothecates and transfers to the Administrative Agent (and its successors and assigns), for the ratable benefit of the Secured Parties, and hereby grants to the Administrative Agent (and its successors and assigns), for the ratable benefit of the Secured Parties, a security interest in, all of the right, title and interest of such Grantor in, to and under the Collateral (the "Security Interest"). Without limiting the foregoing, the Administrative Agent is hereby authorized to file one or more financing statements, continuation statements, filings with the United States Patent and Trademark Office or the United States Copyright Office (or any successor office) or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each of the Grantors, without the signature of any Grantor, and naming any Grantor or the Grantors, as applicable, as debtors and the Administrative Agent as secured party.

TO HAVE AND TO HOLD the Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Administrative Agent (and its successors and assigns), for the ratable benefit of the Secured Parties, forever, subject, however, to the terms, covenants and conditions hereinafter set forth.

(b) No Assumption of Liability. The Security Interest is granted as security only and shall not subject the Administrative Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

Section 3. Delivery of the Collateral

(a) Subject to Section 3(b) and Section 6, each of the Grantors agrees to deliver or cause to be delivered to the Administrative Agent as soon as is reasonably practicable any and all notes, chattel paper, instruments, certificates and



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documents evidencing or representing any of the Pledged Securities, or any other amount that becomes payable under or in connection with any Collateral, owned or held by or on behalf of such Grantor, in each case accompanied by (i) in the case of any notes, chattel paper, instruments or stock certificates, stock powers duly executed in blank or other instruments of transfer satisfactory to the Administrative Agent and such other instruments and documents as the Administrative Agent may reasonably request and (ii) in all other cases, proper instruments of assignment duly executed by such Grantor and such other instruments or documents as the Administrative Agent may reasonably request.

(b) The Administrative Agent acknowledges that, notwithstanding the representation and warranty in Section 4(g) hereof, each Grantor may deliver to the Administrative Agent stock certificates, together with undated stock powers, representing less than 100% (but no less than the Maximum Percentage (as defined below)) of the outstanding shares of stock of the Foreign CFC Subsidiaries; all outstanding shares of the stock of Foreign CFC Subsidiaries being referred to herein as the "Foreign Shares". Because the intent of Grantors and the Administrative Agent is to grant a security interest in a percentage of the Foreign Shares equal to 65% or such other percentage as is the maximum percentage of the Foreign Shares that can be pledged to the Administrative Agent without constituting an investment of earnings in U.S. property under Section 956 (or any successor provision) of the Code that would trigger an increase in the gross income of the Grantors pursuant to Section 951 (or any successor provision) of the Code (such percentage being the "Maximum Percentage"), the Administrative Agent hereby confirms that the Pledged Securities of the Foreign CFC Subsidiaries shall refer only to, and the grants of security interests created hereby shall extend only to, the Maximum Percentage of the Foreign Shares.

(c) If the Administrative Agent shall take any action to foreclose on the Foreign Shares, the Administrative Agent hereby agrees to act only with regard to the Maximum Percentage of the Foreign Shares; provided, however, that nothing herein shall preclude the Administrative Agent from exercising the stock powers with respect to all outstanding Foreign Shares to take such action as may be necessary to transfer the Foreign Shares (the "Remaining Shares") to the Grantors or to such other Person or entity as the Grantors designate. The parties hereto agree that the Administrative Agent has no fiduciary or other responsibilities or duties with regard to the Remaining Shares and that the Administrative Agent is serving only as custodian with respect to the Remaining Shares.

Section 4. Representations and Warranties

Each of the Grantors, jointly with the others and severally, represents and warrants to the Administrative Agent and the Secured Parties that:



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(a) Such Grantor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such Collateral for its intended purposes, and has full power and authority to grant to the Administrative Agent the Security Interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Security Agreement, without the consent or approval of any other person other than any consent or approval which has been obtained.

(b) The Perfection Certificate, to the extent it relates to such Grantor or any of its property, has been duly prepared, completed and executed and the information set forth therein is correct and complete. Fully executed UCC financing statements, as applicable, or other appropriate filings, recordings or registrations containing a description of the Collateral owned or held by or on behalf of such Grantor have been delivered to the Administrative Agent for filing in each applicable governmental, municipal or other office specified in Schedule 6 to the Perfection Certificate and each other applicable governmental, municipal or other office, which are all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office, in order to perfect the Security Interest in Collateral consisting of Patents, Trademarks and Copyrights) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Administrative Agent (for the ratable benefit of the Secured Parties) in respect of all Collateral owned or held by or on behalf of such Grantor in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, except for any such Collateral as to which the representations and warranties in this sentence would not be true solely by virtue of such Collateral having been used or disposed of in a manner expressly permitted hereunder, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

(c) In the case of such Grantor only, fully executed security agreements in the form hereof (or in such other form as shall, in form and substance, be satisfactory to the Administrative Agent), and containing a description of all Collateral consisting of Intellectual Property owned or held by or on behalf of such Grantor together with all other necessary documents, have been delivered to the Administrative Agent for filing, recording or registration as may be required pursuant to the laws of the United States to protect the validity of and to establish a legal, valid and perfected security interest in favor of the Administrative Agent (for the ratable benefit of the Secured Parties) in respect of all Collateral consisting of Patents, Trademarks and Copyrights owned or held by or on behalf of such Grantor in which a security interest may be perfected by filing, recording or registration in the United States (or any political



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subdivision thereof) and its territories and possessions, and no further or subsequent material filing, refiling, recording, rerecording, registration or reregistration is necessary (other than such actions as are necessary to perfect the Security Interest with respect to any Collateral consisting of Patents, Trademarks and Copyrights (or registration or application for registration thereof) acquired or developed after the date hereof).

(d) The Security Interest constitutes (i) a legal and valid security interest in all the Collateral owned or held by or on behalf of such Grantor securing the payment and performance of the Obligations, (ii) subject to (A) the filings described in paragraphs (b) and (c) of this Section and (B) the delivery to the Administrative Agent of any instruments or certificated securities included in such Collateral, a perfected security interest in such Collateral to the extent that a security interest may be perfected by filing, recording or registering a financing statement or analogous document, or by the secured party's taking possession, in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the UCC or other applicable law in such jurisdictions, except for any such Collateral as to which the representations and warranties in this sentence would not be true solely by virtue of such Collateral having been used or disposed of in a manner expressly permitted hereunder, and (iii) a security interest that shall be perfected in all Collateral in which a security interest may be perfected upon the receipt and recording of this Security Agreement, together with any other necessary documents, as may be required pursuant to the laws of the United States. The Security Interest is and shall be prior to any other Lien on any of the Collateral owned or held by or on behalf of such Grantor other than Liens expressly permitted to be prior to the Security Interest pursuant to the Loan Documents.

(e) The Collateral owned or held by or on behalf of such Grantor is so owned or held by it free and clear of any Lien, except for Liens expressly permitted pursuant to the Loan Documents. It has not filed or consented to the filing of (i) any financing statement or analogous document under the UCC or any other applicable laws covering any such Collateral, (ii) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (iii) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document is still in effect, except, in each case, for Liens expressly permitted pursuant to the Loan Documents.

(f) The Security Interest in the Collateral owned or held by or on behalf such Grantor (i) is effective to vest in the Administrative Agent, on behalf of the Secured Parties, the rights of the Administrative Agent in such Collateral as set forth herein and (ii) does not violate Regulation T, U or X of the Board as of the date hereof.



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(g) The Pledged Securities (other than the Foreign Shares) constitute 100% of the issued and outstanding shares of equity interests of each wholly-owned Subsidiary, and there are no outstanding warrants, options or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Pledged Securities. The Pledged Securities (other than the Foreign Shares) constitute 100% of the outstanding equity interests of such Subsidiaries that have been issued to the Grantors, and there are no outstanding warrants, options, or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any such Pledged Securities. The Pledged Securities of each Foreign CFC Subsidiary represent the Maximum Percentage of the issued and outstanding shares of equity interests of such Foreign CFC Subsidiary or, if less, all of the issued and outstanding shares of equity interests of such Foreign CFC Subsidiary owned by the Grantors.

(h) All letters of credit to which such Grantor is a beneficiary are listed on Schedule 4(h) hereto.

Section 5. Covenants

(a) Each of the Grantors agrees promptly to notify the Administrative Agent in writing of any change (i) in its legal name or jurisdiction of incorporation or formation or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of its chief executive office, principal place of business, any office in which it maintains books or records relating to Collateral owned or held by it or on its behalf or, except to the extent permitted by Section 5(j), any office or facility at which any such Collateral is located (including the establishment of any such new office or facility), (iii) in its identity or legal or organizational structure such that a filed financing statement becomes misleading or (iv) in its Federal Taxpayer Identification Number. Each of the Grantors agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the UCC or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Collateral as described in Section 4(d) (subject only to Liens expressly permitted to be prior to the Security Interest pursuant to the Loan Documents). Each Grantor agrees promptly to notify the Administrative Agent if any material portion of the Collateral owned or held by or on behalf of such Grantor is damaged or destroyed.

(b) Each of the Grantors agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Collateral owned or held by it or on its behalf as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in



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which it is engaged, but in any event to include complete accounting records indicating all payments and proceeds received with respect to any part of such Collateral, and, at such time or times as the Administrative Agent may reasonably request, promptly to prepare and deliver to the Administrative Agent a duly certified schedule or schedules in form and detail satisfactory to the Administrative Agent showing the identity and amount of any and all such Collateral.

(c) Each year, at the time of delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.4 of the Credit Agreement, the Borrower shall deliver to the Administrative Agent a certificate executed by a Responsible Officer of the Borrower, (i) setting forth the information required pursuant to Sections 1, 2, 8, 9 and 10 of the Perfection Certificate or confirming that there has been no change in such information since the date of the Perfection Certificate or the date of the most recent certificate delivered pursuant to this paragraph and (ii) certifying that all UCC financing statements or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (i) of this paragraph, and all other commercially reasonable actions have been taken, to the extent necessary to protect and perfect the Security Interest as described in Section 4(d) for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period). Each certificate delivered pursuant to this paragraph shall identify in the format of Schedule II, III, IV or V, as applicable, all Intellectual Property of any Grantor in existence on the date thereof and not then listed on such Schedules or previously so identified to the Administrative Agent.

(d) Each of the Grantors shall, at its own cost and expense, take any and all commercially reasonably actions necessary to defend title to the Collateral owned or held by it or on its behalf against all persons and to defend the Security Interest of the Administrative Agent in such Collateral and the priority thereof against any Lien or other interest not expressly permitted pursuant to the Loan Documents.

(e) Each of the Grantors agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Administrative Agent may from time to time reasonably request to preserve, protect and perfect (including as a result of any change in applicable law) the Security Interest granted by it and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with its execution and delivery of this Security Agreement, the granting by it of the Security Interest and the filing of any financing statements or other documents in connection herewith or therewith. Without limiting the generality of the foregoing, each Grantor hereby authorizes the Administrative Agent, with prompt notice thereof to such Grantor, to supplement this Security Agreement by supplementing Schedule II, III, IV or V hereto



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or adding additional schedules hereto to specifically identify any asset or item owned or held by it or on its behalf that may constitute Copyrights, Licenses, Patents or Trademarks; provided, however, that any Grantor shall have the right, exercisable within 10 days after it has been notified by the Administrative Agent of the specific identification of such Collateral, to advise the Administrative Agent in writing of any inaccuracy of the representations and warranties made by such Grantor hereunder with respect to such Collateral. Each Grantor agrees that it will use commercially reasonable efforts to take such action as shall be necessary in order that all representations and warranties hereunder shall be true and correct with respect to such Collateral within 30 days after the date it has been notified by the Administrative Agent of the specific identification of such Collateral.

(f) Each Grantor hereby authorizes the Administrative Agent to file a Record or Records, including, without limitation, financing statements, in all jurisdictions and with all filing offices as the Administrative Agent may determine, in its sole discretion, are necessary or advisable to perfect the security interest granted to the Administrative Agent herein. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Administrative Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral granted to the Administrative Agent herein, including, without limitation, describing such property as "all assets" or "all personal property." In connection with any such filing, the Administrative Agent shall deliver a copy of same to such Grantor, provided, that, the failure of the Administrative Agent to do so shall in no way affect the validity of such filing.

(g) Each Grantor shall take such action as is reasonably requested by the Administrative Agent to maintain the validity, perfection and priority of the lien and security interest granted hereby, including, without limitation, with respect to the execution and filing of any financing statements and continuation statements as are necessary to maintain the validity, perfection and priority of such lien and security interest under Revised Article 9.

(h) Upon reasonable prior written notice to one or more of the Grantors, the Administrative Agent and such persons as the Administrative Agent may reasonably designate shall have the right, at the cost and expense of the Grantors, to inspect all of its records (and to make extracts and copies from such records), to discuss its affairs with its officers and independent accountants and to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral owned or held by it or on its behalf, including, in the case of Accounts, Pledged Debt or Collateral in the possession of any third person, by contacting Account Debtors, obligors or the third person possessing such Collateral for the purpose of making such a verification. The Administrative Agent shall have the



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absolute right to share any information it gains from such inspection or verification with any Secured Party.

(i) At its option, the Administrative Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Collateral and not permitted pursuant to the Loan Documents, and may pay for the maintenance and preservation of the Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Security Agreement, and such Grantor agrees, jointly with the others and severally, to reimburse the Administrative Agent on demand for any payment made or any expense incurred by the Administrative Agent pursuant to the foregoing authorization; provided, however, that nothing in this paragraph shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Administrative Agent or any other Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

(j) If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other person to secure payment and performance of an Account or any Pledged Debt, such Grantor shall promptly assign such security interest to the Administrative Agent. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other person granting the security interest.

(k) Each of the Grantors shall observe and perform, in all material respects, all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral, all in accordance with the terms and conditions thereof, and such Grantor agrees, jointly with the others and severally, to indemnify and hold harmless the Administrative Agent and the other Secured Parties from and against any and all liability for such performance.

(l) None of the Grantors shall make or permit to be made an assignment, pledge or hypothecation of the Collateral owned or held by it or on its behalf, or shall grant any other Lien in respect of such Collateral, except as expressly permitted by the Loan Documents. Except as expressly permitted by the Loan Documents, it shall not make or permit to be made any transfer of such Collateral, and it shall remain at all times in possession of such Collateral and the direct owner, beneficially and of record, of the Pledged Equity included in such Collateral, except that (i) Inventory may be sold in the ordinary course of business and (ii) unless and until the Administrative Agent shall notify the Grantors that an Event of Default shall have occurred and be continuing and that, during the continuance thereof, the Grantors shall not sell, convey, lease, assign, transfer or otherwise dispose of any Collateral (which notice may be given by telephone if



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promptly confirmed in writing), the Grantors may use and dispose of the Collateral in any lawful manner not inconsistent with the provisions of this Security Agreement, the Credit Agreement or any other Loan Document. Without limiting the generality of the foregoing, each Grantor agrees that it shall not permit any Inventory to be in the possession or control of any warehouseman, bailee, agent or processor for a period of ten consecutive days unless such warehouseman, bailee, agent or processor shall have been notified of the Security Interest and shall have agreed in writing to hold the Inventory subject to the Security Interest and the instructions of the Administrative Agent and to waive and release any Lien held by it with respect to such Inventory, whether arising by operation of law or otherwise.

(m) None of the Grantors will, without the Administrative Agent's prior written consent (which consent shall not be unreasonably withheld), grant any extension of the time of payment of any of the Accounts Receivable or any of the Pledged Debt, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, compromises or settlements granted or made in the ordinary course of business and consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged.

(n) The Grantors, at their own expense, shall maintain or cause to be maintained insurance covering (i) physical loss or damage to the Collateral against all risks and (ii) liability arising from the use or intended use, or otherwise attributable or relating to, the Collateral, in each case in accordance with Section 5.2 of the Credit Agreement. The policies covering such insurance (A) shall, in the case of each policy under clause (i) of this paragraph, contain a standard loss payable clause and shall name the Administrative Agent as loss payee (and, if reasonably required by the Administrative Agent, sole loss payee) in respect of each claim relating to the Collateral and resulting in a payment thereunder, (B) shall, in the case of each policy under clause (ii) of this paragraph, be indorsed to provide, in respect of the interests of the Administrative Agent and the other Secured Parties, that the Administrative Agent shall be an additional insured and (C) shall, in the case of each policy under clauses (i) and (ii) of this paragraph, provide (if reasonably required by the Administrative Agent) that 30 days' prior written notice of any cancellation or modification thereof or any reduction of amounts payable thereunder shall be given to the Administrative Agent and in the event that any Grantor at any time or times shall fail to pay any premium in whole or part relating thereto, the Administrative Agent may, in its sole discretion, pay such premium. Each Grantor irrevocably makes, constitutes and appoints the Administrative Agent (and all officers, employees or agents designated by the Administrative Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Collateral under policies of



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insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Administrative Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Administrative Agent deems advisable. All sums disbursed by the Administrative Agent in connection with this paragraph, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Administrative Agent and shall be additional Obligations secured hereby.

(o) Each Grantor shall legend, in form and manner reasonably satisfactory to the Administrative Agent, its Accounts Receivable, its Pledged Debt and its books, records and documents evidencing or pertaining thereto with an appropriate reference to the fact that such Accounts Receivable and Pledged Debt have been assigned to the Administrative Agent for the benefit of the Secured Parties and that the Administrative Agent has a security interest therein.

(p) Each Grantor agrees that it will not, nor will it permit any of its licensees to, do any act, or omit to do any act, whereby any Patent that is material to the conduct of such Grantor's business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws. Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Grantor's business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark, (iii) display such Trademark with notice of Federal or foreign registration to the extent necessary and sufficient to establish and preserve its rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party valid and legal rights. Each Grantor (either itself or through licensees) will, for each work covered by a material Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws. Each Grantor shall notify the Administrative Agent promptly if it knows that any Patent, Trademark or Copyright material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or United States Copyright Office) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same. In no event



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shall any Grantor, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States, unless it promptly informs the Administrative Agent and, upon request of the Administrative Agent, executes and delivers any and all agreements, instruments, documents and papers as the Administrative Agent may request to evidence the Administrative Agent's security interest in such Patent, Trademark or Copyright, and each Grantor hereby appoints the Administrative Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable. Each Grantor will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of any Grantor's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties. In the event that any Grantor has reason to believe that any Collateral consisting of a Patent, Trademark or Copyright material to the conduct of any Grantor's business has been or is about to be infringed, misappropriated or diluted by a third party, such Grantor promptly shall notify the Administrative Agent and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Collateral. Upon and during the continuance of an Event of Default, each Grantor shall use its best efforts to obtain all requisite consents or approvals by the licenser of each Copyright License, Patent License or Trademark License to effect the assignment of all of such Grantor's right, title and interest thereunder to the Administrative Agent or its designee.

Section 6. Attorney-in-Fact; Registration in Nominee Name; Denominations; Voting Rights; Dividends and Interest, etc.

(a) Each of the Grantors hereby appoints the Administrative Agent as its true and lawful agent and attorney-in-fact for the purpose of carrying out the provisions of this Security Agreement and taking any action and executing any instrument that the Administrative Agent may deem reasonably necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest, and without limiting the generality of the foregoing, the Administrative Agent shall have the right, with power of substitution for the Grantors and in each Grantor's name or



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otherwise, for the use and benefit of the Administrative Agent and the other Secured Parties, upon the occurrence and during the continuance of an Event of Default, (i) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (ii) to demand, collect, receive payment of, give receipt for, and give discharges and releases of, all or any of the Collateral; (iii) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (iv) to send verifications of Accounts Receivable or Pledged Debt to any Account Debtor or other applicable obligor; (v) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (vi) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (vii) to notify, or to require the Grantors to notify, Account Debtors and other obligors to make payment directly to the Administrative Agent; and (viii) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Security Agreement, as fully and completely as though the Administrative Agent were the absolute owner of the Collateral for all purposes; provided, however, that nothing herein contained shall be construed as requiring or obligating the Administrative Agent or any other Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Administrative Agent or any other Secured Party, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Administrative Agent or any other Secured Party with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of any Grantor or to any claim or action against the Administrative Agent or any other Secured Party. The provisions of this paragraph shall in no event relieve any Grantor of any of its obligations hereunder or under the other Loan Documents with respect to the Collateral or any part thereof or impose any obligation on the Administrative Agent or any other Secured Party to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Administrative Agent or any other Secured Party of any other or further right that it may have on the date of this Security Agreement or hereafter, whether hereunder, under any other Loan Document, by law or otherwise. Any sale pursuant to the provisions of this paragraph shall be deemed to conform to the commercially reasonable standards as provided in Section 9-504(3) of the UCC.

(b) Without limiting the generality of the foregoing, the Administrative Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion) to hold the Pledged Securities in its own name as pledgee, the name of its nominee (as pledgee or as sub-agent) or the name of the Grantors, endorsed or assigned in blank or in favor of the Administrative Agent. Each of the Grantors will



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promptly give to the Administrative Agent copies of any notices or other communications received by it with respect to the Pledged Securities registered in its name. The Administrative Agent shall at all times have the right to exchange any certificates representing the Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Security Agreement.

(c) Without limiting the generality of the foregoing, unless and until an Event of Default shall have occurred and be continuing:

(i) Each of the Grantors shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of the Pledged Securities, or any part thereof, for any purpose consistent with the terms of this Security Agreement, the Credit Agreement and the other Loan Documents; provided, however, that such Grantor will not be entitled to exercise any such right if the result thereof could materially and adversely affect the rights inuring to a holder of the Pledged Securities or the rights and remedies of any of the Secured Parties under this Security Agreement, the Credit Agreement or any other Loan Document or the ability of the Secured Parties to exercise the same.

(ii) The Administrative Agent shall execute and deliver to each of the Grantors or cause to be executed and delivered to each of the Grantors, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 6(c)(i) and to receive the cash dividends it is entitled to receive pursuant to Section 6(c)(iii).

(iii) Each of the Grantors shall be entitled to receive and retain any and all cash dividends, interest and principal paid on the Pledged Securities to the extent and only to the extent that such cash dividends, interest and principal are not prohibited by, and otherwise paid in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable laws. All noncash dividends, interest and principal, and all dividends, interest and principal paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution, return of capital, capital surplus or paid-in surplus, and all other distributions (other than distributions referred to in the preceding sentence) made on or in respect of the Pledged Securities, whether paid or payable in cash or otherwise, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests in the issuer of any of the Pledged Securities or received in exchange for the Pledged Securities, or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Collateral, and, if received by



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any Grantor, shall not be commingled by it with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Administrative Agent and shall be forthwith delivered to the Administrative Agent in the same form as so received (with any necessary endorsement).

(d) Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default:

(i) All rights of any Grantor to dividends, interest or principal that it is authorized to receive pursuant to Section 6(c)(iii) shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest or principal. All dividends, interest or principal received by such Grantor contrary to the provisions of this Section shall be held in trust for the benefit of the Administrative Agent, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Administrative Agent upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by the Administrative Agent pursuant to the provisions of this paragraph shall be retained by the Administrative Agent in an account to be established by the Administrative Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 8. After all Events of Default have been cured or waived, the Administrative Agent shall, within five Business Days after all such Events of Default have been cured or waived, repay to each of the Grantors all cash dividends, interest or principal (without interest), that such Grantor would otherwise be permitted to retain pursuant to the terms of Section 6(c)(iii) and which remain in such account.

(ii) All rights of any Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to Section 6(c)(i), and the obligations of the Administrative Agent under Section 6(c)(ii), shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers, provided that, unless otherwise directed by the Required Lenders, the Administrative Agent shall have the right from time to time following and during the continuance of an Event of Default to permit each of the Grantors to exercise such rights. After all Events of Default have been cured or waived, each of the Grantors will have the right to exercise the voting and consensual rights and powers that it would otherwise be entitled to exercise pursuant to the terms of Section 6(c)(i).



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Section 7. Remedies upon Default

(a) Upon the occurrence and during the continuance of an Event of Default, each of the Grantors agrees to deliver each item of Collateral to the Administrative Agent on demand, and it is agreed that the Administrative Agent shall have the right to take any of or all the following actions at the same or different times: (i) with respect to any Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Collateral by the applicable Grantors to the Administrative Agent, or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such manner as the Administrative Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained) and (ii) with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral and, generally, to exercise any and all rights afforded to a secured party under the UCC or other applicable law. Without limiting the generality of the foregoing, each of the Grantors agrees that the Administrative Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Administrative Agent shall deem appropriate. The Administrative Agent shall be authorized at any such sale of collateral constituting securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale, the Administrative Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each of the Grantors hereby waives (to the extent permitted by law) all rights of redemption, stay, valuation and appraisal which such Grantor or now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

(b) The Administrative Agent shall give each of the Grantors ten days' written notice (which such Grantor agrees is reasonable notice within the meaning of Section 9-504(3) of the UCC) of the Administrative Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary



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business hours and at such place or places as the Administrative Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Administrative Agent may (in its sole and absolute discretion) determine. The Administrative Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. 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 sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Administrative Agent until the sale price is paid by the purchaser or purchasers thereof, but the Administrative Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by applicable law, private) sale made pursuant to this Section, any Secured Party may bid for or purchase, free (to the extent permitted by applicable law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, (i) a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof, (ii) the Administrative Agent shall be free to carry out such sale pursuant to such agreement and (iii) none of the Grantors shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Administrative Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Administrative Agent may proceed by a suit or suits at law or in equity to foreclose upon the Collateral and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Section shall be deemed to conform to the commercially reasonable standards as provided in Section 9-504(3) of the UCC.

Section 8. Application of Proceeds of Sale

The Administrative Agent shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, as follows:

FIRST, to the payment of all costs and expenses incurred



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by the Administrative Agent (in its capacity as such hereunder or under any other Loan Document) in connection with such collection or sale or otherwise in connection with this Security Agreement, any other Loan Document or any of the Obligations, including all out-of-pocket court costs and the reasonable fees and expenses of its agents and legal counsel, the repayment of all advances made by the Administrative Agent hereunder or under any other Loan Document on behalf of any Grantor and any other reasonable out-of-pocket costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document;

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

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

The Administrative Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Security Agreement. Upon any sale of the Collateral by the Administrative Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the purchase money by the Administrative Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Administrative Agent or such officer or be answerable in any way for the misapplication thereof.

Section 9. Grant of License to Use Intellectual Property

For the purpose of enabling the Administrative Agent to exercise rights and remedies under Sections 7 and 8, and under this Section, at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Administrative Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, license or sub-license any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Administrative Agent shall be exercised, at the option of the Administrative Agent, upon the occurrence and during the continuation of an Event of Default; provided that any license, sub-license or other transaction entered into by the Administrative Agent in accordance herewith shall



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be binding upon the Grantors notwithstanding any subsequent cure of an Event of Default. Any royalties and other payments received by the Administrative Agent shall be applied in accordance with Section 8.

Section 10. Reimbursement of Administrative Agent

(a) Each of the Grantors agrees, jointly with the others and severally, to pay to the Administrative Agent the amount of any and all reasonable out-of-pocket expenses, including the fees, other charges and disbursements of counsel and of any experts or agents, that the Administrative Agent may incur in connection with (i) the administration of this Security Agreement relating to such Grantor or any of its property, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral owned or held by or on behalf of such Grantor, (iii) the exercise, enforcement or protection of any of the rights of the Administrative Agent hereunder relating to such Grantor or any of its property or (iv) the failure by such Grantor to perform or observe any of the provisions hereof.

(b) Without limitation of its indemnification obligations under the other Loan Documents, each of the Grantors agrees, jointly with the others and severally, to indemnify each Credit Party and each Related Party thereof (each such Person beings called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related out-of-pocket expenses, including reasonable counsel fees, other charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery by such Grantor of this Security Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by such Grantor of its obligations under the Loan Documents and the other transactions contemplated thereby or (ii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) Any amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section shall remain operative and in full force and effect regardless of the termination of this Security Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Security Agreement or any other Loan Document or any investigation made by or on behalf of the Administrative Agent or any other Secured Party. All amounts due under this Section shall be payable within ten days of written demand therefor and shall bear interest at the



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rate specified in Section 2.7 of the Credit Agreement.

Section 11. Waivers; Amendment

(a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Secured Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Security Agreement or any other Loan Document or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Grantor in any case shall entitle such Grantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Security Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into by, between or among the Administrative Agent and the other parties hereto with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.8 of the Credit Agreement.

Section 12. Securities Act, etc.

In view of the position of the Grantors in relation to the Pledged Securities, or because of other current or future circumstances, a question may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "Federal securities laws") with respect to any disposition of the Pledged Securities permitted hereunder. Each of the Grantors understands that compliance with the Federal securities laws might very strictly limit the course of conduct of the Administrative Agent if the Administrative Agent were to attempt to dispose of all or any part of the Pledged Securities, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Securities could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Administrative Agent in any attempt to dispose of all or part of the Pledged Securities under applicable Blue Sky or other state securities laws or similar laws analogous in purpose or effect. Each of the Grantors recognizes that in light of such restrictions and limitations the Administrative Agent may, with respect to any sale of the Pledged Securities, limit the purchasers to those who will agree, among other things, to acquire such Pledged Securities for their own account, for investment, and not with a



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view to the distribution or resale thereof. Each of the Grantors acknowledges and agrees that in light of such restrictions and limitations, the Administrative Agent, in its sole and absolute discretion, (i) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Securities, or any part thereof, shall have been filed under the Federal securities laws and (ii) may approach and negotiate with a single potential purchaser to effect such sale. Each of the Grantors acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Administrative Agent shall incur no responsibility or liability for selling all or any part of the Pledged Securities at a price that the Administrative Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this Section will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Administrative Agent sells.

Section 13. Registration, etc.

Each of the Grantors agrees that, upon the occurrence and during the continuance of an Event of Default hereunder, if for any reason the Administrative Agent desires to sell any of the Pledged Securities owned or held by or on behalf of such Grantor at a public sale, it will, at any time and from time to time, upon the written request of the Administrative Agent, use its best efforts to take or to cause the issuer of such Pledged Securities to take such action and prepare, distribute and/or file such documents, in accordance with the Federal securities laws, as are required or advisable in the reasonable opinion of counsel for the Administrative Agent to permit the public sale of such Pledged Securities. Each of the Grantors further agrees, jointly with the others and severally, to indemnify, defend and hold harmless the Administrative Agent, each other Secured Party, any underwriter and their respective officers, directors, affiliates and controlling persons from and against all loss, liability, expenses, costs of counsel (including reasonable fees and expenses of legal counsel), and claims (including the costs of investigation) that they may incur, insofar as such loss, liability, expense or claim, as applicable, relates to such Grantor or any of its property, and arises out of or is based upon any alleged untrue statement of a material fact contained in any prospectus (or any amendment or supplement thereto) or in any notification or offering circular, or arises out of or is based upon any alleged omission to state a material fact required to be stated therein or necessary to make the statements in any thereof not misleading, except insofar as the same may have been caused by any untrue statement or omission based upon information furnished in writing to such Grantor or the issuer of such Pledged Securities, as applicable, by the Administrative Agent or any other Secured Party expressly for use therein. Each of the Grantors further agrees, upon such written request referred to above, to use its best efforts to qualify, file or register, or cause the issuer of such Pledged



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Securities to qualify, file or register, any of the Pledged Securities owned or held by or on behalf of such Grantor under the Blue Sky or other securities laws of such states as may be requested by the Administrative Agent and keep effective, or cause to be kept effective, all such qualifications, filings or registrations. Each of the Grantors will bear all costs and expenses of carrying out its obligations under this Section. Each of the Grantors acknowledges that there is no adequate remedy at law for failure by it to comply with the provisions of this Section and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements contained in this Section may be specifically enforced.

Section 14. Security Interest Absolute

All rights of the Administrative Agent hereunder, the Security Interest and all obligations of each of the Grantors hereunder shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument relating to any of the foregoing, (iii) any exchange, release or non-perfection of any Lien on any other collateral, or any release or amendment or waiver of, or consent under, or departure from, any guaranty, securing or guaranteeing all or any of the Obligations or (iv) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or in respect of this Security Agreement or any other Loan Document.

Section 15. Termination or Release

(a) This Security Agreement and the Security Interest shall terminate when all the Obligations have been indefeasibly paid in full in cash and the Lenders and the Issuing Bank have no further commitment to extend credit under the Credit Agreement.

(b) Upon (i) any sale, transfer or other disposition permitted under the Loan Documents (other than any sale, transfer or other disposition of any Collateral that would, immediately after giving effect thereto, continue to be Collateral but for the release of the security interest therein pursuant to this clause) or (ii) the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to Section 9.8(b) of the Credit Agreement, the security interest in such Collateral shall be automatically released. In addition, if any of the Equity Interests in any Guarantor is sold, transferred to otherwise disposed of pursuant to a transaction permitted by the Loan Documents and, immediately after giving effect



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thereto, such Guarantor shall no longer be a Subsidiary, then the obligations of such Guarantor under this Security Agreement and the security interests granted hereby in the Collateral owned or held by or on behalf of such Guarantor shall be automatically released.

(c) In connection with any termination or release pursuant to paragraph (a) or (b) of this Section, the Administrative Agent shall execute and deliver to the applicable Grantor, at the expense of such Grantor, all UCC termination statements and similar documents that such Grantor shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

Section 16. Notices

All communications and notices hereunder shall be in writing and given as provided in Section 9.1 of the Credit Agreement. All communications and notices hereunder to the Borrower shall be given to it at the address for notices set forth in such Section, and all communications and notices hereunder to any other Grantor shall be given to it at the address for notices set forth on Schedule I, with a copy to the Borrower.

Section 17. Binding Effect; Several Agreement; Assignments

Whenever in this Security Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Grantor that are contained in this Security Agreement shall bind and inure to the benefit of each party hereto and its successors and assigns. This Security Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Grantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of such Grantor, the Administrative Agent and the other Secured Parties, and their respective successors and assigns, except that none of the Grantors shall have the right to assign its rights or obligations hereunder or any interest herein or in the Collateral (and any such attempted assignment shall be void), except as expressly contemplated by this Security Agreement or the other Loan Documents. This Security Agreement shall be construed as a separate agreement with respect to each of the Grantors and may be amended, modified, supplemented, waived or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

Section 18. Survival of Agreement; Severability

(a) All covenants, agreements, representations and warranties



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made by each of the Grantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Security Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Secured Parties and shall survive the execution and delivery of any Loan Documents, the making of any Loan and the issuance of any Letter of Credit, regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect until this Security Agreement shall terminate.

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

Section 19. GOVERNING LAW

THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 20. Counterparts

This Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract (subject to Section 17), and shall become effective as provided in Section 17. Delivery of an executed counterpart of this Security Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Security Agreement.

Section 21. Headings

Section headings used herein are for convenience of reference only, are not part of this Security Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Security Agreement.

Section 22. Jurisdiction; Consent to Service of Process

(a) Each of the Grantors hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New



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York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Security Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that, to the extent permitted by applicable law, all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Security Agreement shall affect any right that the Administrative Agent or any other Secured Party may otherwise have to bring any action or proceeding relating to this Security Agreement or the other Loan Documents against any Grantor or any of its property, in the courts of any jurisdiction.

(b) Each of the Grantors hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Security Agreement or the other Loan Documents in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 16. Nothing in this Security Agreement will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 23. WAIVER OF JURY TRIAL

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT. EACH PARTY HERETO (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 24. Additional Grantors

Upon execution and delivery after the date hereof by the Administrative



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Agent and a Subsidiary of an instrument in the form of Annex 2, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any such instrument shall not require the consent of any Grantor hereunder. The rights and obligations of each of the Grantors hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

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

ON COMMAND CORPORATION

By: _____

Bertram Perkel, ~~Treasurer~~ Sr. V.P. & General Counsel

ON COMMAND VIDEO CORPORATION

By: _____

Bertram Perkel, Treasurer

ON COMMAND DEVELOPMENT CORPORATION

By: _____

Bertram Perkel, Treasurer

SPECTRAVISION, INC.

By: _____

Bertram Perkel, Treasurer

SPECTRADYNE INTERNATIONAL, INC.

By: _____

Bertram Perkel, Treasurer

HOTEL DIGITAL NETWORK, INC.

By: _____

Bertram Perkel, Treasurer

ON COMMAND CORPORATION
SECURITY AGREEMENT

THE BANK OF NEW YORK, as
Administrative Agent

By: _____
Name: JAMES W. WHITAKER
Title: SENIOR VICE PRESIDENT

## SCHEDULE I TO THE SECURITY AGREEMENT

## GRANTORS

| Grantor | Address for Notices |
|---|---|
| On Command Video Corporation | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |
| On Command Development Corporation | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |
| Spectravision, Inc. | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |
| Spectradyne International, Inc. | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |
| Hotel Digital Network, Inc. | c/o On Command Corporation<br>7900 East Union Avenue, Tower III<br>Denver, Colorado 80237 |

## SCHEDULE II TO THE SECURITY AGREEMENT

## United States Copyrights

| Copyright | Registration # |
|---|---|
| On Command Video Definition Program | TX-3-426-642 |
| On Command Menu System Module | TX-3-426-643 |
| Spectravision theme, SV-153. | PAu-478-294 |
| MK-II/PMS communication interface II protocol specification. | TXu-568-947 |
| Standard billing interface specification : 758-544-010 | TXu-568-948 |
| MK-II/PMS communication interface I protocol specification. | TXu-568-949 |
| Source code for asynchronous mate/TV interface. | TXu-568-950 |
| MK-II/PMS communication interface I protocol specification : protocol 1. | TXu-570-580 |
| MK-II/PMS communication interface II protocol specification : protocol 2. | TXu-570-581 |
| MK-II/PMS communication interface II E protocol specification. | TXu-570-582 |
| Standard billing interface specification 758-544-010. | TXu-571-143 |
| MK-II/PMS communication interface I protocol specification : revision D. | TXu-588-647 |
| MK-II communications interface : video services protocol : stair rev. A. | TXu-588-648 |
| MK-II communications interface : video services protocol : stair rev. B. | TXu-588-649 |
| Protocol specification for asynchronous mate/TV interface. | TXu-593-224 |
| Synchronous protocol specification for mate/TV interface. | TXu-593-225 |
| MK-II communications interface--video services protocol II. | TXu-593-454 |
| MK-II communications interface--video services protocol II. | TXu-593-455 |
| MK-II communication interface II protocol specification. | TXu-593-456 |



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| | |
|---|---|
| MK-II/PMS communication interface II protocol specification. | TXu-593-457 |
| MK-II communications interface--video services protocol II. | TXu-593-458 |
| MK-II/PMS communication interface II protocol specification. | TXu-593-459 |
| MK-II communications interface-video services protocol. | TXu-593-460 |
| MK-II/PMS communication interface II protocol specification. | TXu-634-542 |
| MK-II/PMS communication interface I protocol specification. | TXu-634-543 |

## SCHEDULE III TO THE SECURITY AGREEMENT

## LICENSES

None.

**SCHEDULE V TO THE SECURITY AGREEMENT**

## Active United States Trademarks

| Mark | Registration or Application Serial # |
|---|---|
| @HOTEL | RN 2343942 |
| OCV | RN 2147019 |
| OCV & Design | RN 2147020 |
| OCX | RN 2349986 |
| OCX | SN 75/710648 |
| ON COMMAND | RN 2245482 |
| ON COMMAND VIDEO | RN 2085475 |
| ON COMMAND VIDEO | RN 1597838 |
| SCREEN GENIE | SN 75/766833 |
| THE INTERNET HAS NEVER BEEN EASIER | SN 75/868380 |
| SPECTRANET | RN 1277395 |
| SPECTRAVISION | RN 1277396 |
| SPECTRAMAX | RN 1281887 |
| TELE/THEATRE | RN 941768 |
| STARPATH | RN 1945402 |
| SPEXIS | RN 2020680 |
| GUEST THEATER | RN 1979294 |
| DIGITAL GUEST CHOICE | RN 1983510 |
| DIGITAL VIDEO ON DEMAND | SN 74/599089 |

## SCHEDULE IV TO THE SECURITY AGREEMENT

## United States Patents

| Patents | Patent/Patent Application Number |
|---|---|
| Video Selection And Distribution System | Pat. No. 4,947,244 |
| Video Selection And Distribution System | S/N Re. 34,611 |
| Switching Apparatus For High Frequency Signals With Plural Parallel Printed Circuit Boards Interconnected By Alternating Input And Isolation Lines | Pat. No. 5,072,333 |
| Video Distribution System | Pat. No. 5,767,894 |
| Video Distribution System | Pat. No. 5,818,512 |
| Video Distribution System | Pat. No. 5,729,279 |
| Remote Control Device With Credit Card Reading And Transmission Capabilities Having Multiple IR LEDs | Pat. No. 5,603,078 |
| Interactive Digital Video Services System With Store And Forward Capabilities | Pat. No. 5,521,631 |
| System For Accessing And Paying For Amenities Using A Telephone | Pat. No. 5,475,740 |
| System For Accessing Amenities Through A Public Telephone Network | Pat. No. 5,323,448 |
| Television Converter | Pat. No. D332,260 |
| Current Detection Circuit And Method | Pat. No. 4,985,761 |
| Communications System For In A Hotel/Motel | Pat. No. 4,829,560 |
| Multi-Channel Television Converter | Pat. No. D288,926 |
| Hotel/Motel Power Load Control And Bilateral Signaling Apparatus | Pat. No. 4,360,828 |



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| | |
|---|---|
| Communications TV Monitoring And Control System | Pat. No. 4,057,829 |
| Clock Gated Digital Data Encoding Circuit | Pat. No. 3,952,298 |
| Burst Frequency Shift Keying Data Communications System | Pat. No. 3,944,742 |
| All Saturated Switching Mode Solid State RF Amplifier | Pat. No. 3,942,117 |
| Enhanced Security Communications System | S/N 09/149,194 |
| Enhanced Security Communications System | S/N 09/391,558 |
| Multimedia Communications System | S/N 60/212,602 |
| Secure Multimedia Communications System | S/N 09/808,861 |



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## ANNEX 1 TO THE SECURITY AGREEMENT

## FORM OF PERFECTION CERTIFICATE

Reference is made to the Credit Agreement, dated as of July 18, 2000, by and among the Borrower, the Lenders party thereto, Toronto Dominion (Texas), Inc. and Fleet National Bank as Documentation Agents, Bank of America, N.A., as Syndication Agent, The Bank of New York Company, Inc., as the Swingline Lender, and The Bank of New York, as the Issuing Bank and as Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement").

The undersigned, a Financial Officer of the Borrower, hereby certifies to the Administrative Agent and each other Secured Party as follows:

Section 1. Names

(a) The legal name of each of the Grantors, as such name appears in its organizational documents, is as follows:

**[INSERT RELEVANT INFORMATION]**

(b) Set forth below is each other legal name each of the Grantors has had in the past five years, together with the date of the relevant change:

**[INSERT RELEVANT INFORMATION]**

(c) Except as set forth in Schedule 1 hereto, none of the Grantors has changed its identity or organizational structure in any way within the past five years. Changes in identity or organizational structure would include mergers, consolidations and acquisitions, as well as any change in the form, nature or jurisdiction of organization. If any such change has occurred, include in Schedule 1 hereto the information required by Sections 1 and 2 of this certificate as to each acquiree or constituent party to a merger or consolidation.

(d) The following is a list of all other names (including trade names or similar appellations) used by each of the Grantors or any of its divisions or other business units in connection with the conduct of its business or the ownership of its properties at any time during the past five years:

**[INSERT RELEVANT INFORMATION]**

(e) Set forth below is the Federal Taxpayer Identification Number of each of the Grantors:

**[INSERT RELEVANT INFORMATION]**

Section 2. Current Locations

(a) The chief executive office of each of the Grantors is located at the address set forth opposite its name below.

| Grantor | Mailing Address | County | State |
|---|---|---|---|

(b) Set forth below opposite the name of each Grantor are all locations where it maintains any books or records relating to any Accounts Receivable or Pledged Debt (with each location at which chattel paper, if any, is kept being indicated by an "*").

| Grantor | Mailing Address | County | State |
|---|---|---|---|

(c) Set forth below opposite the name of each Grantor are all the material places of its business not identified in paragraph (a) or (b) above.

| Grantor | Mailing Address | County | State |
|---|---|---|---|

(d) Set forth below opposite the name of each Grantor are all the locations where it maintains any Collateral not identified above (other than locations where Collateral is temporary held or controlled by such Grantor's employees in the ordinary course of business in accordance with Section 5(j) of the Security Agreement).

| Grantor | Mailing Address | County | State |
|---|---|---|---|

(e) Set forth below opposite the name of each of the Grantors are the names and addresses of all persons other than such Grantor that have possession of any of its Collateral (other than employees who temporary hold or control such Collateral in the ordinary course of business in accordance with Section 5(j) of the Security Agreement).

| Grantor | Name of Other Person | Mailing Address | County | State |
|---|---|---|---|---|



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Section 3. Unusual Transactions. All Accounts Receivable and Pledged Debt have been originated by the Grantors, and all Inventory has been acquired by the Grantors, in the ordinary course of business.

Section 4. File Search Reports. Attached hereto as Schedule 4(A) are true copies of file search reports from the UCC filing offices where filings described in Schedule 4(B) are to be made. Attached hereto as Schedule 4(C) is a true copy of each financing statement or other filing identified in such file search reports.

Section 5. UCC Filings. Duly signed financing statements on Form UCC-1 in substantially the form of Schedule 5 hereto have been prepared for filing in the UCC filing office in each jurisdiction where a Grantor has Collateral as identified in Section 2 hereof.

Section 6. Schedule of Filings. Attached hereto as Schedule 6 is a schedule setting forth, with respect to the filings described in Section 5 above, each filing and the filing office in which such filing is to be made.

Section 7. Filing Fees. All filing fees and taxes payable in connection with the filings described in Section 5 hereof have been paid.

Section 8. Pledged Equity. Attached hereto as Schedule 8 is a true and correct list of all of the Pledged Equity owned or held by or on behalf of each of the Grantors, in each case setting forth the name of the issuer of such Pledged Equity, the number of any certificate evidencing such Pledged Equity, the registered owner of such Equity Interest, the number and class of such Pledged Equity and the percentage of the issued and outstanding Equity Interests of such class represented by such Pledged Equity. The Pledged Equity has been duly authorized and validly issued and is fully paid and nonassessable.

Section 9. Pledged Debt. Attached hereto as Schedule 9 is a true and correct list of (i) all of the Pledged Debt owned by or on behalf of each of the Grantors, in each case setting forth the name of the party from whom such Pledged Debt is owed or owing, the principal amount thereof, the date of incurrence thereof, the maturity date, if any, with respect thereto and whether it is evidenced by a note or other instrument.

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IN WITNESS WHEREOF, the undersigned have duly executed this certificate on this ____ day of March, 2001.

ON COMMAND CORPORATION

By: _____
Name: _____
Title: _____

# SCHEDULE 1 TO THE PERFECTION CERTIFICATE

**SCHEDULE 4(A) TO THE PERFECTION CERTIFICATE**

**SCHEDULE 4(B) TO THE PERFECTION CERTIFICATE**

**SCHEDULE 4(C) TO THE PERFECTION CERTIFICATE**

**SCHEDULE 5 TO THE PERFECTION CERTIFICATE**

**SCHEDULE 6 TO THE PERFECTION CERTIFICATE**

**SCHEDULE 8 TO THE PERFECTION CERTIFICATE**

**SCHEDULE 9 TO THE PERFECTION CERTIFICATE**

## ANNEX 2 TO THE SECURITY AGREEMENT

## FORM OF SUPPLEMENT

SUPPLEMENT NO. __, dated as of _____, to the SECURITY AGREEMENT, dated as of March __, 2001, among On Command Corporation, a Delaware corporation (the "Borrower"), each of the Subsidiaries of the Borrower listed on Schedule I thereto, and The Bank of New York, as administrative agent under the Credit Agreement referred to in the next paragraph (as amended, supplemented or otherwise modified from time to time, the "Security Agreement").

A. Reference is made to the Credit Agreement, dated as of July 18, 2000, by and among the Borrower, the Lenders party thereto, Toronto Dominion (Texas), Inc. and Fleet National Bank as Documentation Agents, Bank of America, N.A., as Syndication Agent, The Bank of New York Company, Inc., as the Swingline Lender, and The Bank of New York, as the Issuing Bank and as Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. The Grantors have entered into the Security Agreement in order to induce the Lenders to make Loans. Section 24 of the Security Agreement provides that additional Subsidiaries may become Grantors under the Security Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "New Grantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and as consideration for Loans previously made and Letters of Credit previously issued.

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

Section 1. In accordance with Section 24 of the Security Agreement, the New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor, and the New Grantor hereby agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder. In furtherance of the foregoing, the New Grantor, as security for the payment and performance in full of the Obligations, does hereby create and grant to the Administrative Agent (and its successors and assigns), for the benefit of the Secured Parties (and their successors and assigns), a security interest in and lien on all of the New Grantor's right, title and interest in and to the Collateral (as defined in the Security Agreement) of the New Grantor. Each reference to a "*Grantor*" in the Security Agreement shall be deemed to include the New Grantor. The Security Agreement is hereby incorporated herein by reference.

Section 2. The New Grantor represents and warrants to the

Administrative Agent and the other Secured Parties that (i) this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, (ii) set forth on the Schedule attached hereto is a true and complete schedule of all of the information that would have been required to have been delivered by or on behalf of the New Grantor pursuant to the Security Agreement, the Schedules thereto and the Perfection Certificate if the New Grantor had been originally named in the Security Agreement and (iii) the representations and warranties made by it as a Grantor under the Security Agreement are true and correct on and as of the date hereof based upon the applicable information referred to in clause (ii) of this Section.

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

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

Section 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 6. In the event any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Security Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 7. All communications and notices hereunder shall be in writing and given as provided in Section 16 of the Security Agreement. All communications and notices hereunder to the New Grantor shall be given to it at the address set forth in the Schedule hereto, with a copy to the Borrower.

Section 8. The New Grantor agrees to reimburse the Administrative



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Agent for its out-of-pocket expenses in connection with this Supplement, including the fees, disbursements and other charges of counsel for the Administrative Agent.

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IN WITNESS WHEREOF, the New Grantor and the Administrative Agent have duly executed this Supplement No. __ to the Security Agreement as of the day and year first above written.

**[Name of New Grantor]**

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK, as
Administrative Agent

By: _____
Name: _____
Title: _____

**SCHEDULE TO SUPPLEMENT NO. __ TO SECURITY AGREEMENT**