

09-24-2001

Form PTO-1594

(Rev 6-93)



U.S. Department of Commerce

Patent and Trademark Office

To the Honorable Commissioner 101853081

and original documents or copy thereof.

1. Name of conveying party(ies):

APPLIED GRAPHICS TECHNOLOGIES, INC.

- ☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☐ Corporations
☐ Other

 Additional name(s) of conveying party(ies) attached? *Yes ☐ No
 SEE SCHEDULE I

3. Nature of conveyance:

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

Execution Date: August 31, 2001

2. Name and address of receiving party(ies):

Name: FLEET NATIONAL BANK as administrative agent

Internal Address:

Street Address: 100 Federal Street

City: Boston State: MA ZIP: 02110

Country:

☐ Individual(s) citizenship☐ Association☐ General Partnership☐ Limited Partnership☐ Corporation

* Other bank, financial institution

 If assignee is not domiciled in the United States, a domestic
 representative designation is attached: ☐ Yes ☐ No
 (Designations must be a separate document from assignment)

Additional name(s) & Address(es) attached? Yes No

4. Application number(s) or trademark number(s): SEE SCHEDULE III

If this document is being filed together with a new application, the execution date of the application is

A. Trademark Application No.(s)

SEE SCHEDULE III

B. Trademark No.(s)

SEE SCHEDULE III

Additional numbers attached * Yes ☐ No

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

Name: Robert E. Rude II

Internal Address: Mayer Brown & Platt

Street Address: 1909 K Street, NW

City: Washington State: DC ZIP: 20006

6. Total number of applications and trademarks involved: 59

7. Total fee (37 CFR 3.41): \$ 1490.00

* Enclosed (Check No. 1066)

☐ Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

9. Statement and signature.

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

Robert E. Rude II

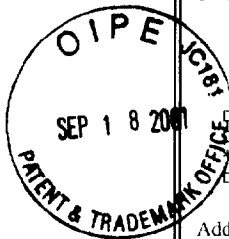
Name of Person Signing

Signature

September 18, 2001

Date

Total number of pages comprising cover sheet and document attachments: 24



09/21/2001

01 FC:481

02 FC:482

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40.00 OF

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SCHEDULE I

Item A. Trade Names

Applied Graphics Technologies, Inc.

BCI

Electronic Color Imaging

PlateMasters

Tint Masters

Vancor Color

Flying Color Graphics

Customized Computer Services

MBA Graphics

Winkler Video Associates

PAT Film Services

Preferred Audio Tapes

Spotlink

Star Graphics

Gore

Gore Graphics

Liberty

Liberty Graphics

Digital Imagination

SportShots

DISD

AGT

New Applied, Inc.

Applied Graphics Technologies I, Inc.

Agile Enterprise, Inc.

TeamBase Developers

AGT Acquisition Corp. II

Color Control, Inc.

CC Acquisition Corp.

Miramar Equipment, Inc.

None

Devon Group, Inc.

AGT Acquisition Corp.

Black Dot Graphics, Inc.
Black Dot Group

Typo-Graphics, Inc.
None

ABD Group, Inc.
None

Orent GraphicArts, Inc.
None

Ambrosi & Associates, Inc.
None

Meridian Retail, Inc.
None

Taproot Interactive, Inc.
AR Acquisition Corporation
Ahrens Interactive, Inc.

Proof Positive/Farrowlyne Associates, Inc.
None

One 2 One, Inc.
Nobart, Inc.

West Coast Creative, Inc.
None

Portal Publications, Ltd.
Devon Publishing Group

The Winn Art Group, Ltd.
Winn Devon

Retail Profit Solutions, Inc.
None

AGT Systems Services, Inc.
None

**Item B. Location of Grantors Principal Place of Business or Chief Executive Office in
Alabama, Connecticut, Florida or Mississippi**

None

SCHEDULE III

Item A. Trademarks

Registered Trademarks

<u>Country</u>	<u>Trademark</u>	<u>Registration No.</u>	<u>Registration Date</u>
United States	AGT	1,827,884	3/22/94
United States	AGT	1,872,766	3/22/94
United States	Applied Graphics Technologies	1,683,249	4/14/92
United States	Applied Graphics Technologies	1,726,437	10/20/92
United States	Applied Graphics Technologies	1,677,069	2/25/92
United States	Applied Printing Technologies	2,166,786	6/23/98
United States	APT	2,141,833	3/10/98
United States	APT(stylized)	2,280,229	9/28/99
United States	APT Applied Printing Technologies	2,245,283	5/18/99
United States	ArtOnCall	2,345,873	4/25/00
United States	ArtOnCall and design	2,251,359	6/08/99
United States	Digital Link	1,929,057	10/24/95
United States	Digital Originals	1,631,549	1/15/91
United States	Gore Graphics	1,981,417	6/18/96

United States	Gore Graphics and design	1,216,978	11/16/82
United States	Spotlink	1,992,313	8/13/96
United States	Black Dot Group	2,073,189	6/24/97
United States	Black Dot (stylized)	2,090,478	8/26/97
United States	Customizing Your Cultural Experience (stylized)	2,084,476	7/29/97
United States	Seven and Lightbulb design	2,365,670	7/11/00
United States	Seven and Zebra design	2,365,671	7/11/00
United States	Seven and Strawberry design	2,365,672	7/11/00
United States	Seven and Fish design	2,365,673	7/11/00
United States	Seven and Knife design	2,365,674	7/11/00
United States	Seven and Marble design	2,365,675	7/11/00
United States	Seven	2,369,883	7/25/00
United States	Waco USA	1,697,126	6/23/92
United States	The Imaging Network	2,051,830	4/15/97
United States	G.S. Imaging Network	1,486,531	4/26/88
United States	GS (stylized)	1,293,417	9/4/84
United States	Hexagon design	1,459,718	9/29/87
United States	Jahn & Ollier	1,290,490	8/14/84
United States	Pleasing Colour	1,213,521	10/19/82

United States	Techtron and design	1,286,626	7/17/84
United States	Techtron Imaging Network	1,458,844	9/22/87
Canada	Digital Link	514538	8/16/99
Canada	Digizine	795,925	10/27/95
European Community	ArtOnCall and design	937268	2/21/00
France	Digital Link	9560750	6/14/96
Germany	Digital Link	39552402.4	8/14/96
Israel	Digital Link	102,542	10/7/97
Mexico	Digital Link	610,918	5/26/99
Norway	Digital Link	198,822	8/19/99
Sweden	Digital Link	320,873	1/17/97
United States	Shapes	103,297	1/6/98
United States	Cupcake	2,287,928	10/19/99
United States	Devon Editions	1,598,530	5/29/90
United States	Flower Design Only	2,164,147	6/9/98
United States	Mousers	2,119,682	12/9/97
United States	Mousers Calendars That Click	2,130,233	1/20/98
United States	Portal	2,198,599	10/20/98
United States	Portal	2,040,747	2/25/97
United States	Portal	2,217,322	1/12/99
United States	Portal	2,039,174	2/18/97

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United States	Portal and "Flower in Oh with Black Border" Design	2,164,145	6/9/98
United States	Portal and "Heart in Oh with Black Border" Design	2,164,146	6/9/98
United States	Portal and "Heart in Oh" Design	2,039,194	2/18/97
United States	Portal and "Heart" Design	2,039,137	2/18/97
United States	Portal and "Heart" Design	2,039,175	2/18/97
United States	Portal Pads	2,199,941	10/27/98
United States	Portal Papers	2,198,601	10/20/98
United States	Sentimientos de Portal	2,265,710	7/27/99
United States	Streamers	2,244,114	5/11/99
United States	Wolfsong	1,759,165	3/16/93
Canada	Canadian Art Prints and design	TMA0293258	7/20/84
Canada	Man and design	TMA0281693	7/22/83

Pending Trademark Applications

<u>Country</u>	<u>Trademark</u>	<u>Application No.</u>	<u>Filing Date</u>
Mexico	Portal	384,441	7/23/99
Mexico	Sentimientos de Portal	359,563	1/7/99
United States	Imaginex Collection	76/124,891	9/7/00
United States	Occasions by Portal	76/239,804	4/11/01
United States	The Smart Chart	75/657,436	3/10/99
Australia	Digizine	677795	11/13/95
Chile	Digizine	355,476	2/27/96
European Community	Digizine	5801	4/1/96
Hong Kong	Digizine	14542/95	11/15/95
Japan	Digizine	10759/1996	2/6/96
Mexico	Digizine	258,255	3/28/96
New Zealand	Digizine	258,424	2/2/96
European Union	Seven and Lightbulb design	800722	4/20/98
European Union	Seven and Zebra design	800573	4/20/98
European Union	Seven and Strawberry design	806018	4/20/98
European Union	Seven and Fish design	800706	4/20/98
European Union	Seven and Knife design	800649	4/20/98

European Union	Seven and Penguin design	800623	4/20/98
European Union	Seven and Marble design	800656	4/20/98
European Union	Seven	800680	4/20/98
United States	Seven and Penguin design	75/495,741	6/3/98

Trademark Applications in Preparation

<u>Country</u>	<u>Trademark</u>	<u>Docket No.</u>	<u>Expected Filing Date</u>	<u>Products/ Services</u>
None				

Item B. Trademark Licenses

<u>Country</u>	<u>Trademarks</u>	<u>Licensor</u>	<u>Licensee</u>	<u>Effective Date</u>	<u>Expiration Date</u>
United States	APT, APT(stylized) APT Applied Printing Technologies, Applied Printing Technologies	Applied Graphics Technologies, Inc.	Applied Printing Technologies, L.P.	4/16/96	4/16/16

**INTELLECTUAL PROPERTY
SECURITY AGREEMENT**

INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "*Agreement*"), dated August 31, 2001, by and among **APPLIED GRAPHICS TECHNOLOGIES, INC.**, a Delaware corporation having an office at 450 West 33rd Street, New York, New York 10001 (the "*Borrower*"), the direct and indirect subsidiaries of the Borrower identified on the signature pages hereto under the caption "SUBSIDIARY GRANTORS" (together with the Borrower, the "*Grantors*") and Fleet National Bank ("*Fleet*"), as administrative agent (in such capacity, together with its successors in such capacity, the "*Administrative Agent*") for the Secured Parties (as defined in the Credit Agreement referred to below).

PRELIMINARY STATEMENTS

(1) The Borrower has entered into an Amended and Restated Credit Agreement, dated as of March 10, 1999 (as amended, restated, supplemented, extended or otherwise modified from time to time, the "*Credit Agreement*"; the terms defined therein and not otherwise defined herein being used herein as therein defined), with the banks, financial institutions and other institutional lenders party thereto (the "*Lenders*") and Fleet, as Initial Issuing Bank, as Swing Line Bank and as Administrative Agent.

(2) As an inducement to the Lenders' entering into the Fifth Amendment, the Grantors have agreed to grant the security interest contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Advances under the Credit Agreement, the Issuing Bank to issue Letters of Credit under the Credit Agreement and the Hedge Banks to enter into Bank Hedge Agreements with the Borrower from time to time, each of the Grantors hereby agrees with the Administrative Agent, for the benefit of the Administrative Agent and the ratable benefit of the Secured Parties, as follows:

Section 1. Grant of Security. Each of the Grantors hereby assigns and pledges to the Administrative Agent, for the benefit of the Administrative Agent and the ratable benefit of the Secured Parties, and hereby grants to the Administrative Agent, for the benefit of the Administrative Agent and the ratable benefit of the Secured Parties, a security interest in the following (collectively, the "*Intellectual Property Collateral*"):

(a) all of the following (the "*Computer Hardware and Software Collateral*"), without duplication:

(i) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware;

(ii) all software programs (including both source code, object code and all related applications and data files), whether now owned, licensed or leased or hereafter

acquired by a Grantor, designed for use on the computers and electronic data processing hardware described in clause (i) above;

(iii) all firmware associated therewith;

(iv) all documentation (including flow charts, logic diagrams, manuals, guides and specifications) with respect to such hardware, software and firmware described in the preceding clauses (i) through (iii); and

(v) all rights with respect to all of the foregoing, including any and all copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, additions or model conversions of any of the foregoing;

(b) all copyrights of the Grantors, whether statutory or common law, registered or unregistered and whether published or unpublished, now or hereafter in force throughout the world including all of the Grantors' rights, titles and interests in and to all copyrights registered in the United States Copyright Office or anywhere else in the world and also including the copyrights referred to in Item A of Schedule IV hereto, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation, all copyright licenses, including each copyright license referred to in Item B of Schedule IV hereto, the right to sue for past, present and future infringements of any of the foregoing, all rights corresponding thereto, all extensions and renewals of any thereof and all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit (collectively, the "*Copyright Collateral*");

(c) all of the following (the "*Patent Collateral*"), without duplication:

(i) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing and each patent and patent application referred to in Item A of Schedule II hereto;

(ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the items described in clause (i);

(iii) all patent licenses, and other agreements providing a Grantor with the right to use any items of the type referred to in clauses (i) and (ii) above, including each patent license referred to in Item B of Schedule II hereto; and

(iv) all proceeds of, and rights associated with, the foregoing (including license royalties and proceeds of infringement suits), the right to sue third parties for past, present or future infringements of any patent or patent application, and for breach or enforcement of any patent license;

(d) all of the following (the "*Trademark Collateral*"), without duplication:

(i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired including those referred to in Item A of Schedule III hereto, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any State thereof or any other country or political subdivision thereof or otherwise, and all common-law rights relating to the foregoing, and the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as the "*Trademark*");

(ii) all Trademark licenses for the grant by or to a Grantor of any right to use any Trademark, including each Trademark license referred to in Item B of Schedule III hereto; and

(iii) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clause (i), and to the extent applicable, clause (ii);

(iv) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clause (i) and, to the extent applicable, clause (ii); and

(v) all proceeds of, and rights associated with, the foregoing, including any claim by a Grantor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license and all rights corresponding thereto throughout the world;

(e) all common law and statutory trade secrets and all other confidential, proprietary or useful information and all know-how obtained by or used in or contemplated at any time for use in the business of a Grantor (all of the foregoing being collectively called a "*Trade Secret*"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, all Trade Secret licenses, including each Trade Secret license referred to in Schedule V hereto, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret license; and

(f) all proceeds of any and all of the foregoing Intellectual Property Collateral (including, without limitation, proceeds that constitute property of the types described in clauses (a)-(e) of this Section 1) and, to the extent not otherwise included, all payments under insurance (whether or not the Administrative Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss to or otherwise with respect to any of the foregoing Intellectual Property Collateral.

Section 2. Security for Obligations. This Agreement secures the payment of all Obligations of each Grantor now or hereafter existing under the Loan Documents, whether for principal, interest, fees, expenses or otherwise (all such Obligations being the "*Secured Obligations*"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by such Grantor to the Administrative Agent or the Secured Parties under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such Grantor.

Section 3. Grantors Remain Liable. Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable under the contracts and agreements included in the Intellectual Property Collateral to which it is a party to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Administrative Agent of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Intellectual Property Collateral to which it is a party and (c) neither the Administrative Agent nor any Secured Party shall have any obligation or liability under the contracts and agreements included in the Intellectual Property Collateral by reason of this Agreement, nor shall the Administrative Agent or any Secured Party be obligated to perform any of the obligations or duties of any Grantor under such contracts and agreements included in the Intellectual Property Collateral to which it is a party or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 4. Representations and Warranties. Each Grantor represents and warrants as follows:

(a) Such Grantor is the legal and beneficial owner of the Intellectual Property Collateral pledged by such Grantor hereunder free and clear of any Lien, except for security interests created or permitted under the Loan Documents (including, without limitation, any Liens disclosed on Schedule 5.02(a)(iii) to the Credit Agreement). No effective financing statement or other instrument similar in effect covering all or any part of the Intellectual Property Collateral is on file in any recording office (other than those financing statements that have been disclosed on Schedule 5.02(a)(iii) to the Credit Agreement), except such as may have been filed: (i) in favor of the Administrative Agent relating to this Agreement or (ii) with respect to Permitted Liens.

(b) Set forth below each Grantor's name on Item A of Schedule I hereto is a complete and accurate list of (i) all names under which such Grantor is or has been doing business within the last five years (including, without limitation, all trade names, division names and fictitious names), (ii) all trade names that such Grantor owns or is licensed to use and (iii) all trade names that such Grantor has established the right to use (collectively, the "*Trade Names*"). Such Grantor does not have its principal place of business or chief executive office in Alabama, Connecticut, Florida or Mississippi except as set forth in Item B of Schedule I hereto.

(c) Upon filing by the Administrative Agent or its representatives of the proper financing statements referred to in Section 3.02(g)(i) of the Credit Agreement, and subject to Section 5.02(a) of the Credit Agreement, this Agreement creates a valid and perfected first and

only priority security interest in the Intellectual Property Collateral of such Grantor, securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest shall have been duly taken.

(d) No consent of any other Person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other third party is required either (i) for the grant by such Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by such Grantor, (ii) for the perfection or maintenance of the security interest created hereby (including, subject to Section 5.02(a) of the Credit Agreement, the first and only priority nature of such security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code, which financing statements are in proper form and are duly executed, or (iii) for the exercise by the Administrative Agent of rights provided for in this Agreement or the remedies in respect of the Intellectual Property Collateral pursuant to this Agreement.

(e) With respect to any Intellectual Property Collateral the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect:

(i) such Intellectual Property Collateral is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;

(ii) to the best of the Borrower's knowledge, such Intellectual Property Collateral is valid and enforceable;

(iii) such Grantor has made all necessary filings and recordations to protect its interest in such Intellectual Property Collateral, including recordations of all of its interests in the Patent Collateral and Trademark Collateral in the United States Patent and Trademark Office, and its claims to the Copyright Collateral in the United States Copyright Office;

(iv) to the best of the Borrower's knowledge, (A) such Grantor is the exclusive owner of the entire and unencumbered right, title and interest in and to such Intellectual Property Collateral and, (B) except as set forth in Schedule VI hereto, no claim has been made that the use of such Intellectual Property Collateral does or may violate the asserted rights of any third party; and

(v) such Grantor has performed and will continue to perform all acts and has paid and will continue to pay all required fees and taxes to maintain each and every such item of Intellectual Property Collateral in full force and effect throughout the world, as applicable.

Each Grantor owns directly or is entitled to use by license or otherwise, all patents, Trademarks, Trade Secrets, copyrights, mask works, licenses, technology, know-how, processes and rights with respect to any of the foregoing used in, necessary for or of importance to the conduct of such Grantor's business.

Section 5. Further Assurances.

(a) Each of the Grantors agrees that from time to time, at the expense of the Borrower, such Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Administrative Agent may request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any Intellectual Property Collateral. Without limiting the generality of the foregoing, such Grantor will, upon any such request of the Administrative Agent, execute such financing or continuation statements, or amendments thereto, and such other instruments or notices as may be requested by the Administrative Agent in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby.

(b) Each Grantor hereby authorizes the Administrative Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Intellectual Property Collateral pledged by such Grantor hereunder, without the signature of such Grantor where permitted by law. A copy of each such statement and amendment will be timely provided to such Grantor. A photocopy or other reproduction of this Agreement or any financing statement covering its Intellectual Property Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) Each Grantor will furnish to the Administrative Agent from time to time statements and schedules further identifying and describing the Intellectual Property Collateral and such reports in connection with its Intellectual Property Collateral as the Administrative Agent may reasonably request, all in reasonable detail.

Section 6. Covenants. Each Grantor covenants and agrees to comply with the following provisions as such provisions relate to any Intellectual Property Collateral material to the operations or business of such Grantor:

(a) such Grantor will not (i) do or fail to perform any act whereby any of the Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable, (ii) permit any of its licensees to (A) fail to continue to use any of the Trademark Collateral in order to maintain all of the Trademark Collateral in full force free from any claim of abandonment for non-use, (B) fail to maintain as in the past the quality of products and services offered under all of the Trademark Collateral, (C) fail to employ all of the Trademark Collateral registered with any federal or state or foreign authority with an appropriate notice of such registration, (D) adopt or use any other Trademark which is confusingly similar or a colorable imitation of any of the Trademark Collateral, (E) use any of the Trademark Collateral registered with any federal, state or foreign authority except for the uses for which registration or application for registration of all of the Trademark Collateral has been made or (F) do or permit any act or knowingly omit to do any act whereby any of the Trademark Collateral may lapse or become invalid or unenforceable, or (G) do or permit any act or knowingly omit to do any act whereby any of the Copyright Collateral or any of the Trade Secrets Collateral may lapse or become invalid or unenforceable or placed in the public domain except upon expiration of the end of an unrenovable term of a registration thereof, unless, in the case of any of the foregoing requirements in clauses (i), (ii) and (iii), such Grantor shall either (x) reasonably and in good faith determine that any of such

Intellectual Property Collateral is of negligible economic value to such Grantor, or (y) have a valid business purpose to do otherwise;

(b) such Grantor shall promptly notify the Administrative Agent if it knows, or has reason to know, that any application or registration relating to any material item of the Intellectual Property Collateral may become abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, 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, the United States Copyright Office or any foreign counterpart thereof or any court) regarding such Grantor's ownership of any of the Intellectual Property Collateral, its right to register the same or to keep and maintain and enforce the same;

(c) in no event will such Grantor or any of its agents, employees, designees or licensees file an application for the registration of any Intellectual Property Collateral with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, unless it promptly informs the Administrative Agent, and upon request of the Administrative Agent (subject to the terms of the Credit Agreement), executes and delivers all agreements, instruments and documents as the Administrative Agent may reasonably request to evidence the Administrative Agent's security interest in such Intellectual Property Collateral;

(d) such Grantor will take all necessary steps, including in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or (subject to the terms of the Credit Agreement) any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and to maintain any registration of, the Intellectual Property Collateral, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes (except to the extent that dedication, abandonment or invalidation is permitted under the foregoing clause (a) or (b)).

Section 7. Transfers and Other Liens; Additional Shares. Each of the Grantors agrees that it shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Intellectual Property Collateral, except for sales or other dispositions of Intellectual Property Collateral permitted by the Credit Agreement, or (ii) create or suffer to exist any Lien upon or with respect to any of the Intellectual Property Collateral except for (A) the security interest created by this Agreement and (B) any other Liens expressly permitted under Section 5.02(a) of the Credit Agreement.

Section 8. Administrative Agent Appointed Attorney-in-Fact. Each of the Grantors hereby irrevocably appoints the Administrative Agent such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, upon the occurrence and during the continuance of an Event of Default, to take any action and to execute any instrument that the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of its Intellectual Property Collateral,

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above, and

(c) to file any claims or take any action or institute any proceedings that the Administrative Agent may deem necessary or desirable for the collection of any of its Intellectual Property Collateral.

Section 9. Administrative Agent May Perform. If any of the Grantors fails to perform any agreement contained herein, the Administrative Agent may itself, upon reasonable prior notice to such Grantor, perform, or cause performance of, such agreement, and the reasonable and actual expenses of the Administrative Agent incurred in connection therewith shall be payable by such Grantor under Section 12(b).

Section 10. Administrative Agent's Duties. The powers conferred on the Administrative Agent hereunder are solely to protect its interest in the Intellectual Property Collateral and shall not impose any duty upon it to exercise any such powers. The Administrative Agent shall have no duty as to any Intellectual Property Collateral or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Intellectual Property Collateral.

Section 11. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Administrative Agent may exercise in respect of the Intellectual Property Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of New York at such time (the "*N.Y. Uniform Commercial Code*") (whether or not the N.Y. Uniform Commercial Code applies to the affected Intellectual Property Collateral) and also may (i) require any or all of the Grantors to, and each Grantor hereby agrees that it will at its expense and upon request of the Administrative Agent forthwith, assemble all or

part of the Intellectual Property Collateral as directed by the Administrative Agent and make it available to the Administrative Agent at a place to be designated by the Administrative Agent that is reasonably convenient to both parties and (ii) without notice except as specified below and as required by law, sell the Intellectual Property Collateral or any part thereof in one or more parcels at public or private sale, at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of Intellectual Property Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice except as required by law, be made at the time and place to which it was so adjourned.

(b) Any cash proceeds received by the Administrative Agent in respect of any sale of, collection from, or other realization upon all or any part of the Intellectual Property Collateral may, in the discretion of the Administrative Agent, be held by the Administrative Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Administrative Agent pursuant to Section 12) in whole or in part by the Administrative Agent for the ratable benefit of the Secured Parties against, all or any part of the Secured Obligations in such order as is specified by the Credit Agreement and, if the Credit Agreement does not so specify an order of application against the Secured Obligations, in such order as the Administrative Agent shall elect. Any surplus of such cash or cash proceeds held by the Administrative Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the applicable Grantors or to whomever may be lawfully entitled to receive such surplus.

(c) The Administrative Agent may exercise any and all rights and remedies of any of the Grantors in respect of the Intellectual Property Collateral.

(d) All payments received by any Grantor under or in connection with any Intellectual Property Collateral shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Administrative Agent in the same form as so received (with any necessary endorsement or assignment).

Section 12. Indemnity and Expenses.

(a) Each of the Grantors hereby agrees, jointly and severally, to indemnify the Administrative Agent from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Administrative Agent's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(b) The Borrower will upon demand pay to the Administrative Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of

any experts and agents, that the Administrative Agent may incur in connection with (i) the administration of this Agreement, (ii) the preservation, sale of, collection from or other realization upon, any of the Intellectual Property Collateral, (iii) the exercise or enforcement of any of the rights of the Administrative Agent or the Secured Parties hereunder or (iv) the failure by the Borrower or any other Grantor to perform or observe any of the provisions hereof.

Section 13. Security Interest Absolute. The obligations of each Grantor under this Agreement are independent of the Secured Obligations, and a separate action or actions may be brought and prosecuted against each Grantor to enforce this Agreement, irrespective of whether any action is brought against the Borrower or any other Grantor or whether the Borrower or any other Grantor is joined in any such action or actions. All rights of the Administrative Agent and the pledge, assignment and security interest hereunder, and all obligations of each Grantor hereunder, shall be absolute and unconditional, irrespective of:

- (a) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations or any other amendment or waiver of or any consent to any departure from any Loan Document, including, without limitation, any increase in the Secured Obligations resulting from the extension of additional credit to the Borrower or any of its Subsidiaries or otherwise;
- (c) any taking, exchange, release or non-perfection of any other collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations;
- (d) any manner of application of collateral, or proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any collateral for all or any of the Secured Obligations or any other assets of the Borrower or any of its Subsidiaries;
- (e) any change, restructuring or termination of the corporate structure or existence of the Borrower or any of its Subsidiaries; or
- (f) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor or a third party grantor of a security interest.

Section 14. Amendments; Waivers; Etc.

- (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
- (b) No failure on the part of the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

Section 15. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication) and mailed, telegraphed, telecopied, telexed or delivered if to any Grantor, addressed to it, c/o of the Borrower, at the address set forth in Section 8.02 of the Credit Agreement, if to the Administrative Agent, addressed to it at its address set forth in Section 8.02 of the Credit Agreement or, as to any other party, at such other address as shall be designated by such party in a written notice to the Grantors and the Administrative Agent. All such notices and communications shall, (w) when mailed by certified mail, return receipt requested, be effective three (3) days after mailing, (x) when telegraphed, telecopied or telexed, be effective upon delivery to the telegraph company, upon transmission by telecopier or upon confirmation by telex answerback, (y) when delivered in person, be effective when delivered and (z) when delivered by overnight courier, be effective two (2) Business Days after delivery to the courier properly addressed. Any party hereto may change the Person, address or telecopier number to whom or which notices are to be given hereunder, by notice duly given hereunder; *provided, however*, that any such notice shall be deemed to have been given hereunder only when actually received by the party to which it is addressed.

Section 16. Continuing Security Interest; Assignments under the Credit Agreement. This Agreement shall create a continuing security interest in the Intellectual Property Collateral and shall (a) remain in full force and effect until the later of (i) the indefeasible payment in full in cash of the Secured Obligations and (ii) the Termination Date, (b) be binding upon each Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent, the Lender Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitment, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in Section 8.07 of the Credit Agreement. Notwithstanding the foregoing, no Grantor may assign any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent and the Secured Parties, which consent may be withheld for any reason.

Section 17. Release and Termination.

(a) Upon any sale, lease, transfer or other disposition of any item of Intellectual Property Collateral in accordance with the express terms of the Loan Documents, including Section 1(a) of this Agreement, the Administrative Agent will, at the Borrower's expense, execute and deliver to each Grantor such documents as such Grantor shall reasonably request to evidence the release of such item of Intellectual Property Collateral from the security interest granted hereby; *provided, however*, that (i) at the time of such request and such release no Default shall have occurred and be continuing, (ii) such Grantor shall have delivered to the Administrative Agent, at least ten (10) days (or, with respect to sale/leaseback transactions, five (5) days) prior to the date of the proposed release, a written request for release describing the item of Intellectual Property Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a form of release for execution by the Administrative Agent and a

certification by such Grantor to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Administrative Agent may request, (iii) the proceeds of any such sale, lease, transfer or other disposition required to be applied in accordance with Section 2.06 or any other provision of the Credit Agreement shall be paid to, or in accordance with the instructions of, the Administrative Agent at the closing for application by the Administrative Agent as required by the terms of the Credit Agreement and, if not so required to be applied, for application in such manner as the Administrative Agent may determine, and (iv) the Administrative Agent shall have approved (such approval not to be unreasonably withheld) such sale, lease, transfer or other disposition in writing.

(b) Upon the latest of (i) the indefeasible payment in full in cash of the Secured Obligations, (ii) the expiration, termination or cancellation of all of the Letters of Credit and (iii) the Termination Date, the pledge, assignment and security interest granted by each of the Grantors hereby shall terminate and all rights to the Intellectual Property Collateral shall revert to the appropriate Grantor. Upon any such termination, the Administrative Agent will, at the Borrower's expense, execute and deliver to the appropriate Grantor such documents as such Grantor shall reasonably request to evidence such termination.

Section 18. Governing Law; Terms. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. Unless otherwise defined herein or in the Credit Agreement, terms used in Article 9 of the N.Y. Uniform Commercial Code are used herein as therein defined.


Section 19. Counterparts. This Agreement may be executed in any number of several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

EXECUTION COPY


IN WITNESS WHEREOF, each of the grantors has caused this agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

APPLIED GRAPHICS TECHNOLOGIES,
INC.

By: 
Title: COO & CFO

SUBSIDIARY GRANTORS

MIRAMAR EQUIPMENT, INC.
DEVON GROUP, INC.
BLACK DOT GRAPHICS, INC.
ORIENT GRAPHICARTS, INC.
TYPO-GRAPHICS, INC.
AMBROSI & ASSOCIATES, INC.
WEST COAST CREATIVE, INC.
ABD GROUP, INC.
MERIDIAN RETAIL, INC.
TAPROOT INTERACTIVE, INC.
PROOF POSITIVE/FARROWLYNE
ASSOCIATES, INC.
ONE 2 ONE, INC.
PORTAL PUBLICATIONS, LTD.
THE WINN ART GROUP, LTD.
COLOR CONTROL, INC.
AGILE ENTERPRISE, INC.
AGT SYSTEM SERVICES, INC.
RETAIL PROFIT SOLUTIONS, INC.
SEVEN WORLDWIDE, INC.
WUSA RE, INC.
R.E. GRAPHICS, INC.

By: 
Title: COO & CFO

FLEET NATIONAL BANK
as Administrative Agent



By: Ralph C. Palma
Title: Senior Vice President

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Received 08/29/2001 02:58PM In 01-11-01 11:01 FAX 800 988 2435
FLEET BANK
08/28/01 WED 10:01 FAX 800 988 2435

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