

FORM PTO-1584 (Modified)
(Rev. 6-93)
OMB No. 0651-0011 (exp. 4/94)
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TM05/REV03

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

Docket No.:
42936/29764

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

1. Name of conveying party(ies):
The Minacs Group (USA) Inc.
1800 Opdyke Court
Auburn Hills, MI 48326

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State **Delaware**
 Other _____

Additional names(s) of conveying party(ies) attached? Yes No

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

Name: Canadian Imperial Bank of Commerce

Internal Address: _____

Street Address: Commerce Court

City: Toronto State: Ontario ZIP: M5L1A2
Country: Canada

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other Bank incorporated under the
Canadian Federal Bank Act
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

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: 10/31/2001

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

75/874695
78/046092
78/064339

Additional numbers attached? Yes No

B. Trademark Registration No.(s)

1790621
1797588

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

Name: Kay R. Sherman

Internal Address: Thompson Coburn LLP

Street Address: One Firstar Plaza

City: St. Louis State: MO ZIP: 63101

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41): \$ 140.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
20-0823

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.

Kay R. Sherman Kay R. S. 1/18/02
Name of Person Signing Signature Date

01/18/2002

FORM PTO-1084 (Revised) (Rev. 9-05) Class No. 0891-0011 (exp. 4/04) Copyright 1994-07 LegalStar TMOGREV03	REGISTRATION COVER SHEET TRADEMARKS ONLY	Docket No.: 42936/29764
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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): The Minacs Group (USA) Inc. 1800 Opatzke Court Auburn Hills, MI 48326 <input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation-State Delaware <input type="checkbox"/> Other _____ Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	2. Name and address of receiving party(ies): Name: <u>Canadian Imperial Bank of Commerce</u> Internal Address: _____ Street Address: <u>Commerce Court, Toronto</u> City: <u>Ontario M5L 1A7</u> State: _____ ZIP: _____ <input type="checkbox"/> Individual(s) citizenship _____ <input type="checkbox"/> Association _____ <input type="checkbox"/> General Partnership _____ <input type="checkbox"/> Limited Partnership _____ <input type="checkbox"/> Corporation-State <u>Bank incorporated under the</u> <input checked="" type="checkbox"/> Other <u>Canadian Federal Bank Act</u> If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input type="checkbox"/> No (Designation must be a separate document from Assignment) Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____ Execution Date: <u>10/31/2001</u>	

4. Application number(s) or registration numbers(s):	
A. Trademark Application No.(s) <u>73/874635</u> <u>78/046092</u> <u>78/064339</u>	B. Trademark Registration No.(s) <u>1790621</u> <u>1797588</u>
Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>Kay E. Sherman</u> Internal Address: <u>Thompson Coburn LLP</u> Street Address: <u>One Firstar Plaza</u> City: <u>St. Louis</u> State: <u>MO</u> ZIP: <u>63101</u>	6. Total number of applications and registrations involved: 5 7. Total fee (37 CFR 3.41): \$ <u>140.00</u> <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account 8. Deposit account number: <u>20-0823</u>
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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.

Kay E. Sherman [Signature] 1/18/02
 Name of Person Signing Signature Date

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

THE MINACS GROUP (USA) INC.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as amended, supplemented, amended and restated or otherwise modified from time to time, this "**Security Agreement**"), dated as of October 31, 2001, made by THE MINACS GROUP (USA) INC., a Delaware corporation (the "**Grantor**"), in favor of CANADIAN IMPERIAL BANK OF COMMERCE, as agent (together with any successor(s) thereto in such capacity, the "**Agent**") for each of the Lender Parties (as defined below).

WITNESSETH:

WHEREAS pursuant to a credit agreement dated as of October 31, 2001 (as amended, supplemented, amended and restated or otherwise modified from time, the "**Credit Agreement**"), among the Agent, the various financial institutions (individually a "**Lender**" and collectively the "**Lenders**") as are, or may from time to time become, parties thereto and the Borrowers (as defined below), the Lenders have extended Commitments to make Advances to the Borrowers;

AND WHEREAS the Grantor is a wholly-owned subsidiary of Minacs Worldwide Inc.

AND WHEREAS as a condition precedent to making Advances under the Credit Agreement, the Grantor is required to execute and deliver this Security Agreement;

AND WHEREAS the Grantor has duly authorized the execution, delivery and performance of this Security Agreement;

AND WHEREAS it is in the best interests of the Grantor to execute this Security Agreement inasmuch as the Grantor will derive substantial benefits from the Advances made from time to time to the Borrowers by the Lender Parties pursuant to the Credit Agreement;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lenders to grant Advances to the Borrowers pursuant to the Credit Agreement, the Grantor agrees, for the benefit of each Lender Party, as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Terms

The following terms when used in this Security Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

- (a) "Agent" is defined in the preamble.
- (b) "Borrowers" means, collectively, the Grantor and Minacs Worldwide Inc., a corporation existing under the laws of the Province of Ontario, and their respective successors and assigns by merger or otherwise.
- (c) "Collateral" is defined in Section 2.1.
- (d) "Collateral Account" is defined in Section 4.3(b).
- (e) "Computer Hardware and Software Collateral" means:
 - (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 the Grantor, designed for use on the computers and electronic data processing hardware described in clause (i) immediately 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 (ii) immediately above; and
 - (v) all rights with respect to all of the foregoing, including, without limitation, 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.

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- (f) **"Copyright Collateral"** means:
- (i) all copyrights (including without limitation copyrights for semi-conductor chip product mask works) of the Grantor, whether statutory or common law, registered or unregistered, now or hereafter in force throughout the world including, without limitation, all of the Grantor's right, title and interest in and to all copyrights registered in the United States Copyright Office or anywhere else in the world and all applications for registration thereof, whether pending or in preparation, and all copyrights resulting from such applications;
 - (ii) all extensions and renewals of any thereof;
 - (iii) all copyright licenses and other agreements now or hereafter in existence providing the Grantor with the right to use any of the items of the type referred to in clauses (i) and (ii) immediately above;
 - (iv) the right to sue for past, present and future infringements of any of the Copyright Collateral referred to in clauses (i) and (ii) and to the extent applicable, clause (iii); and
 - (v) and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages and proceeds of suit.
- (g) **"Credit Agreement"** is defined in the first recital.
- (h) **"Equipment"** is defined in clause (a) of Section 2.1.
- (i) **"Grantor"** is defined in the preamble.
- (j) **"Intellectual Property Collateral"** means, collectively, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral.
- (k) **"Inventory"** is defined in clause (b) of Section 2.1
- (l) **"Lender"** is defined in the first recital.
- (m) **"Lender Parties"** means, the Agent and the Lenders and each of their respective successors and assigns and **"Lender Party"** means any one of them.
- (n) **"Lenders"** is defined in the first recital.
- (o) **"Obligations"** means all indebtedness, liabilities and obligations of the Grantor to the Lender Parties or any of them (including, but not limited to all liabilities and obligations of the Grantor arising pursuant to any Credit Document), present or future, direct or indirect, absolute or contingent, matured or not, joint, several or joint and several, at any time owing or remaining unpaid by the Grantor to the Lender Parties or any of them in any currency, whether arising from dealings

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between the Grantor and the Lender Parties or any of them or from other dealings or proceedings by which the Lender Parties or any of them may be or become in any manner whatever creditors of the Grantor and however incurred, and whether incurred by the Grantor alone or with another or others and whether as principal or surety, including all principal, interest, commissions, fees, including receiver's fees and expenses, legal costs (on a solicitor and his own client basis) and other costs, charges and expenses, and the payment of all costs and expenses incurred by the Lender Parties or any of them in enforcing any rights under this Security Agreement.

- (p) **"Patent Collateral"** means:
- (i) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world;
 - (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and re-examinations of any of the items described in clause (i) immediately above;
 - (iii) all patent licenses and other agreements now or hereafter in existence providing the Grantor with the right to use any of the items of the type referred to in clause (i) immediately above;
 - (iv) 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; and
 - (v) all proceeds of, and rights associated with, the foregoing (including license royalties and proceeds of infringement suits), and all rights corresponding thereto throughout the world.
- (q) **"Receivables"** is defined in clause (c) of Section 2.1.
- (r) **"Related Contracts"** is defined in clause (c) of Section 2.1.
- (s) **"Security Agreement"** is defined in the preamble.
- (t) **"Third Party"** is defined in clause (a) of Section 3.4.
- (u) **"Trade Secrets Collateral"** means all common law and statutory trade secrets and all other confidential or proprietary or useful information and all know-how obtained by or used in or contemplated at any time for use in the business of the 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, and including the right to sue for and to enjoin and to collect damages for the actual or threatened

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misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret license.

- (v) **"Trademark Collateral"** means:
- (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of a like nature, now existing anywhere in the world or hereafter adopted or acquired, 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 foreign country, and all reissues, extensions or renewals thereof (all of the foregoing items in this clause (i) being collectively called a **"Trademark"**);
 - (ii) all Trademark licenses and other agreements providing the Grantor with the right to use any items of the type described in clause (i) immediately above;
 - (iii) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clause (i) immediately above;
 - (iv) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clauses (i) and (ii) immediately above; and
 - (v) all proceeds of, and rights associated with, the foregoing, including any claim by the 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.
- (w) **"U.C.C."** means the Uniform Commercial Code, as from time to time in effect in the State of New York; provided, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of any Encumbrance on any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, **"U.C.C."** means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or the effect of perfection or non-perfection. References to sections of the UCC shall be construed as necessary to refer to any successor sections of the UCC.

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Section 1.2 Credit Agreement Definitions

Unless otherwise defined herein or the context otherwise requires, terms used in this Security Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

Section 1.3 U.C.C. Definitions

Unless otherwise defined herein or in the Credit Agreement or the context otherwise requires, terms for which meanings are provided in the U.C.C. are used in this Security Agreement, including its preamble and recitals, with such meanings.

ARTICLE II

SECURITY INTEREST

Section 2.1 Grant of Security

The Grantor hereby assigns and pledges to the Agent for its benefit and the ratable benefit of each of the other Lender Parties, and hereby grants to the Agent for its benefit and the ratable benefit of each of the other Lender Parties a continuing security interest in, all of the Grantor's right, title and interest in and to the following, whether now or hereafter existing or acquired by the Grantor (collectively, the "Collateral"):

- (a) all equipment and fixtures in all of their forms of the Grantor, wherever located, including all machinery, manufacturing, research and development, distribution, selling, data processing and office equipment, assembly systems, molds, dies, tooling, tools, spare parts, packaging materials, appliances, furniture, furnishings, vehicles, trade fixtures, and other tangible personal property (other than Inventory), and all parts thereof and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor and all accessories related thereto (any and all of the foregoing being the "Equipment");
- (b) all inventory in all of its forms of the Grantor, wherever located, including:
 - (i) all goods, merchandise and other personal property furnished or to be furnished under any contract of service or intended for sale or lease, all consigned goods and other items which have previously constituted Equipment but are then currently being held for sale or lease in the ordinary course of the Grantor's business, all raw materials and work in process therefor, finished goods thereof, and materials used or consumed in the manufacture or production thereof, and all other materials and supplies of any kind, nature or description used or consumed in the manufacture, production, packing, shipping, advertising, finishing or sale thereof,

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- (ii) all goods in which the Grantor has an interest in mass or a joint or other interest or right of any kind (including goods in which the Grantor has an interest or right as consignee), and
 - (iii) all goods which are returned to or repossessed by the Grantor, and all accessions thereto, products thereof and documents therefor (any and all such inventory, materials, goods, accessions, products and documents being the "Inventory");
- (c) all accounts, contracts, contract rights, chattel paper, deposit accounts, documents, instruments, investment property, letter-of-credit rights and letters of credit and general intangibles (including tax refunds) of the Grantor, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights of the Grantor now or hereafter existing in and to all security agreements, guaranties, leases and other contracts securing or otherwise relating to any such accounts, contracts, contract rights, chattel paper, deposit accounts, documents, instruments, investment property, general intangibles, letter-of-credit rights and letters of credit (any and all such accounts, contracts, contract rights, chattel paper, deposit accounts, documents, instruments, investment property, general intangibles, letter-of-credit rights and letters of credit being the "Receivables" and any and all such security agreements, guaranties, leases and other contracts being the "Related Contracts");
- (d) all Intellectual Property Collateral of the Grantor;
- (e) all Computer Hardware and Software Collateral;
- (f) all of the Grantor's other property and rights of every kind and description and interests therein in each case to the extent comprising personal property;
- (g) all books, correspondence, records, writings, data bases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing in this Section 2.1; and
- (h) all products, offspring, rents, issues, profits, returns, income and proceeds of and from any and all of the foregoing Collateral (including proceeds which constitute property of the types described in clauses (a), to (g) and proceeds deposited from time to time in the Collateral Account and in any lock boxes of the Grantor, and, to the extent not otherwise included, all payments under insurance (whether or not the Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral).

Section 2.2 Security for Obligations

This Security Agreement secures the payment of all Obligations now or hereafter existing whether for principal, interest, costs, fees, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay under

Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. § 362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. §§ 502(b) and 506(b)).

Section 2.3 Continuing Security Interest

This Security Agreement shall create a continuing security interest in the Collateral and shall:

- (a) remain in full force and effect until payment in full in cash of all Obligations, the termination or expiration of all Letters of Credit and Bankers' Acceptances and the termination of all Commitments,
- (b) be binding upon the Grantor, its successors and assigns, and
- (c) inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Agent and each other Lender Party.

Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer (in whole or in part) any Commitment or Advance held by it to any other Person or entity in accordance with the provisions of the Credit Agreement, and such other Person or entity shall thereupon become vested with all the rights and benefits in respect thereof granted to such Lender under any Credit Document (including this Security Agreement) or otherwise, subject, however, to any contrary provisions in such assignment or transfer, and to the provisions of the Credit Agreement. Upon the payment in full in cash of all Obligations, the termination or expiration of all Letters of Credit and Bankers' Acceptances and the termination of all Commitments, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the Grantor. Upon such termination, the Agent will, at the Grantor's sole expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination and reversion.

Section 2.4 Grantor Remains Liable

Anything herein to the contrary notwithstanding:

- (a) the Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and shall perform all of its duties and obligations under such contracts and agreements to the same extent as if this Security Agreement had not been executed,
- (b) the exercise by the Agent of any of its rights hereunder shall not release the Grantor from of its duties or obligations under any such contracts or agreements included in the Collateral, and
- (c) neither the Agent nor any other Lender Party shall have any obligation or liability under any such contracts or agreements included in the Collateral by reason of this Security Agreement, nor shall the Agent or any other Lender Party be

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obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 2.5 Security Interest Absolute

All rights of the Agent and the security interests granted to the Agent hereunder, and all obligations of the Grantor hereunder, shall be absolute and unconditional, irrespective of:

- (a) any lack of validity or enforceability of the Credit Agreement or any other Credit Document;
- (b) the failure of any Lender Party:
 - (i) to assert any claim or demand or to enforce any right or remedy against any Borrower or other Person under the provisions of the Credit Agreement, any other Credit Document or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Obligations;
- (c) 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 extension, compromise or renewal of any Obligations;
- (d) any reduction, limitation, impairment or termination of any Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and the Grantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise;
- (e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of the Credit Agreement or any Credit Document;
- (f) any addition, exchange, release, surrender or non-perfection of any collateral (including the Collateral), or any amendment to or waiver or release of or addition to or consent to departure from any guaranty, for any of the Obligations; or
- (g) any other circumstances which might otherwise constitute a defense available to, or a legal or equitable discharge of, any Borrower, surety or guarantor.

Section 2.6 Subrogation, etc.

The Grantor agrees that it will not exercise any rights that it may acquire by reason of any payment made hereunder, whether by way of subrogation, reimbursement or otherwise, until the prior payment, in full or in cash, of all Obligations. Any amount paid to the

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Grantor on account of any payment made prior to the payment in full of all Obligations shall be held in trust for the benefit of the Lender Parties and shall promptly be paid to the Agent on behalf of the Lender Parties and credited and applied against the Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement; provided, however, that if:

- (a) the Grantor has made payment to the Lender Parties of all or any part of the Obligations, and
- (b) all Obligations have been paid in full and all Commitments have been permanently terminated,

each Lender Party agrees that, at the requesting Grantor's request, the Lender Parties will execute and deliver to the Grantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to the Grantor of an interest in the Obligations resulting from such payment by the Grantor. In furtherance of the foregoing, for so long as any Obligations or any Commitments remain outstanding, the Grantor shall refrain from taking any action or commencing any proceeding against any of the Borrowers (or their respective successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Security Agreement to any Lender Party.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties

The Grantor represents and warrants unto each Lender Party as set forth in this Article.

Section 3.2 Location of Collateral, etc.

All of the Equipment and Inventory of the Grantor is located at the places specified in Item A of Schedule I hereto and none of the Equipment and Inventory has, within the four months preceding the date of this Security Agreement, been located at any place other than the places specified in Item A of Schedule I hereto (except, in each case, to the extent that any such Equipment or Inventory is or was in transit to a place specified in Item A of Schedule I). Each location of Equipment or Inventory which is subject to a lease, sublease, mortgage or similar instrument is described as such in Item A of Schedule I hereto and the Grantor shall, upon the request of the Agent, provide the Agent with the name and address of each lessor, sublessor, lessee, sublessee and/or mortgagee (other than the Grantor) with respect to any or all such locations. All of the lock boxes of the Grantor are located at the places specified in Item B of Schedule I hereto. The place(s) of business and chief executive office of the Grantor and the office(s) where the Grantor keeps its records concerning the Receivables, and all originals of all chattel paper which evidence Receivables, are located at the addresses specified in Item C of Schedule I hereto. The exact legal name and jurisdiction of organization of the Grantor are as indicated at the beginning of this Security Agreement. The Grantor has no trade names other

than those listed in Item D of Schedule I hereto. All of the deposit accounts of the Grantor are located at the places specified in Item E of Schedule I hereto. The Grantor has not been known by any legal name different from the one set forth on the signature page hereto. The Grantor has not been the subject of any merger or other limited liability reorganization. If the Collateral includes any Inventory located in the State of California, the Grantor is not a "retail merchant" within the meaning of Section 9-102 of the Uniform Commercial Code - Secured Transactions of the State of California. The Grantor is not a party to any federal, state or local government contract except those listed in **Error! Reference source not found.** of Schedule I hereto.

Section 3.3 Ownership, No Liens, etc.

The Grantor owns the Collateral free and clear of any Encumbrance, security interest, charge or encumbrance except for the security interest created by this Security Agreement and except for Permitted Encumbrances. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any filing or recording office, except such as may have been filed in favor of the Agent relating to this Security Agreement or as may relate to Permitted Encumbrances or in respect of which the secured party has delivered forms of discharge to the Agent or has agreed with the Grantor to deliver discharges to the Agent on repayment of amounts that are to be repaid from the proceeds of the first Advance under the Credit Agreement.

Section 3.4 Possession and Control

- (a) The name and address of each bailee, processor, warehouseman, consignee or other Person in possession of any of the Inventory or Equipment (each such Person being a "Third Party") on the date hereof, other than carriers and shippers of Inventory in transit, is set forth in Item A of Schedule I hereto, together with the address of the location where such Inventory or Equipment is or may be held. Except as otherwise indicated in Item A of Schedule I hereto, no Person (other than a Person identified in Item A of Schedule I hereto as being a consignee) in possession of any of the Inventory or Equipment conducts a business at the location of such Inventory or Equipment other than a business in the nature of warehousing or transporting goods for others. In the event that any Inventory is in the possession of a Third Party, such Inventory is not evidenced by a negotiable instrument or document not held by the Agent.
- (b) Except as indicated in clause (a) of this Section 3.4, the Grantor has exclusive possession and control of the Equipment and Inventory.

Section 3.5 Negotiable Documents, Instruments and Chattel Paper

The Grantor has, contemporaneously herewith, delivered to the Agent possession of all originals of all negotiable documents, instruments and chattel paper currently owned or held by the Grantor (duly endorsed in blank, if requested by the Agent).

Section 3.6 Intellectual Property Collateral

On the date hereof, the Grantor does not own, license or have rights in or to any Intellectual Property Collateral and has not filed and is not in the process of filing any application with any Governmental Authority to obtain any Intellectual Property Collateral other than, in the case of Copyright Collateral, Patent Collateral and Trademark Collateral, the Intellectual Property Collateral described in Schedule II hereto.

Section 3.7 Validity, etc.

This Security Agreement creates a valid and, subject to Permitted Encumbrances, first priority security interest in the Collateral, securing the payment of the Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been taken.

Section 3.8 Authorization, Approval, etc.

Except as set forth in Section 3.7, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required either:

- (a) for the grant by the Grantor of the security interest granted hereby or for the execution, delivery and performance of this Security Agreement by the Grantor, or
- (b) for the perfection of or the exercise by the Agent of its rights and remedies hereunder.

Section 3.9 Compliance with Laws

The Grantor is in compliance with the requirements of all applicable laws (including, without limitation, the provisions of the United States Fair Labor Standards Act), rules, regulations and orders of every Governmental Authority, the non-compliance with which might adversely affect the value of the Collateral or the worth of the Collateral as collateral security.

ARTICLE IV

COVENANTS

Section 4.1 Certain Covenants

The Grantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid, any Letters of Credit or Bankers' Acceptances shall be outstanding or any Lender shall have any outstanding Commitment, the Grantor will, unless the Majority Lenders shall otherwise consent in writing, perform the obligations set forth in this Section.

Section 4.2 As to Equipment and Inventory

The Grantor hereby agrees that it shall

- (a) keep all the Equipment and Inventory (other than Inventory sold in the ordinary course of business) at the places therefor specified in Section 3.2 or, upon 30 days' prior written notice to the Agent, at such other places in a jurisdiction where all representations and warranties set forth in Article III (including Section 3.7) shall be true and correct, and all action required pursuant to the first sentence of Section 4.8 shall have been taken with respect to the Equipment and Inventory;
- (b) with respect to any Equipment or Inventory in the possession or control of any Third Party or any of Grantor's agents, notify such Third Party or agent of the Agent's security interest in such Equipment or Inventory and, upon the Agent's request following the occurrence of an Event of Default, direct such Third Party or agent to hold all such Equipment or Inventory for the Agent's account and subject to the Agent's instructions;
- (c) cause the Equipment to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with any manufacturer's manual; and forthwith, or in the case of any loss or damage to any of the Equipment, as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to such end; and
- (d) pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment and Inventory, except to the extent the validity thereof is being contested in good faith by appropriate proceedings and such taxes, assessments and other charges do not constitute an Encumbrance capable of ranking prior to or pari passu with the Encumbrance created hereby or any other security interest granted by the Grantor in favor of the Agent or the Lender Parties pursuant to the Credit Agreement.

Section 4.3 As to Receivables

- (a) The Grantor shall keep its place(s) of business and chief executive office and the office(s) where it keeps its records concerning the Receivables, and all originals of all chattel paper which evidence Receivables, located at the addresses set forth in Item C of Schedule I hereto, or, upon 30 days' prior written notice to the Agent, at such other locations in a jurisdiction where all actions required by the first sentence of Section 4.8 shall have been taken with respect to the Receivables; hold and preserve such records and chattel paper; and permit representatives of the Agent at any time (with reasonable advance notice) during normal business hours to inspect and make abstracts from such records and chattel paper. In addition, the Grantor shall give the Agent a supplement to Schedule I and

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Schedule II hereto on each date a Compliance Certificate is required to be delivered to the Agent under the Credit Agreement, which shall set forth any changes to the information set forth in Section 3.2 and Section 3.6, respectively.

- (b) If an Event of Default shall have occurred, at the direction of the Agent, all proceeds of Collateral received by the Grantor shall be delivered in kind to the Agent for deposit to a deposit account (the "Collateral Account") of the Grantor maintained with the Agent, and the Grantor shall not commingle any such proceeds, and shall hold separate and apart from all other property, all such proceeds in express trust for the benefit of the Agent until delivery thereof is made to the Agent. No funds, other than proceeds of Collateral, will be deposited in the Collateral Account.
- (c) Following the Agent's exercise of the remedy provided for in paragraph (b) of this Section 4.3, the Agent shall have the right to apply any amount held in the Collateral Account in accordance therewith to the payment of any Obligations which are due and payable or payable upon demand, or to the payment of any Obligations at any time that an Event of Default shall have occurred. The Agent may at any time transfer to the Grantor's general demand deposit accounts any or all of the collected funds in the Collateral Account; provided, however, that any such transfer shall not be deemed to be a waiver or modification of any of the Agent's rights under this Section.

Section 4.4 As to Collateral

- (a) The Grantor shall not, except upon 20 days' prior written notice to the Agent, change its location for purposes of Article 9 of the U.C.C., make any change in its name, identity or legal structure or participate in any merger or other limited liability reorganization.
- (b) Until such time as the Agent shall notify the Grantor of the revocation of such power and authority, following the occurrence of an Event of Default and the receipt by the Agent of the written request of the Majority Lenders to so notify the Grantor, the Grantor (i) may in the ordinary course of its business (except as otherwise prohibited under the Credit Agreement), at its own expense, sell, lease or furnish under the contracts of service any of the Inventory normally held by the Grantor for such purpose, and use and consume, in the ordinary course of its business, any raw materials, work in process or materials normally held by the Grantor for such purpose, (ii) will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including without limitation the taking of such action with respect to such collection as the Agent may reasonably request or, in the absence of such request, as the Grantor may deem advisable, and (iii) may grant, in the ordinary course of business (except as otherwise prohibited under the Credit Agreement), to any party obligated on any of the Collateral, any rebate, refund or allowance to which such party may be lawfully entitled, and may accept, in connection therewith, the return of goods, the sale or lease of which shall have given rise to such Collateral. The Agent

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may, after any revocation of such power and authority as specified above, notify any parties obligated on any of the Collateral to make payment to the Agent of any amounts due or to become due thereunder and enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby. Upon request of the Agent, the Grantor will, at its own expense, notify any parties obligated on any of the Collateral to make payment to the Agent of any amounts due or to become due thereunder.

- (c) The Agent is authorized to endorse, in the name of the Grantor, any item, howsoever received by the Agent, representing any payment on or other proceeds of any of the Collateral.

Section 4.5 As to Intellectual Property Collateral

- (a) The Grantor shall, at the Agent's request, execute and deliver to the Agent a patent security agreement, a trademark security agreement and a copyright security agreement (as applicable) in form and substance satisfactory to the Agent, and shall execute and deliver to the Agent any other document reasonably required to acknowledge or register or perfect the interest of the Lender Parties in any part of the Intellectual Property Collateral.
- (b) The Grantor shall not, unless the Grantor shall reasonably and in good faith determine (and notice of such determination, in form and substance satisfactory to the Lender Parties, shall have been delivered to the Agent) that any of the Patent Collateral is not material to the business of the Grantor and has negligible economic value, do any act, or omit to do any act, whereby any of such Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable.
- (c) The Grantor shall not, and the Grantor shall not permit any of its licensees to, unless the Grantor shall reasonably and in good faith determine (and notice of such determination, in form and substance satisfactory to the Lender Parties, shall have been delivered to the Agent) that any of the Trademark Collateral is not material to the business of the Grantor and has negligible economic value,
 - (i) discontinue the use of any such Trademark Collateral in order to maintain all of such Trademark Collateral in full force free from any claim of abandonment for non-use,
 - (ii) fail to maintain as in the past the quality of products and services offered under such Trademark Collateral, and shall use its reasonable best efforts to require its licensees to maintain as in the past the quality of products and services offered under any such Trademark Collateral that is subject to license agreements,

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- (iii) fail to employ all of the Trademark Collateral registered with any Federal or state or foreign authority with an appropriate notice of such registration, to the extent required to preserve such Trademark Collateral and the Grantor's rights therein, and
- (iv) do or permit any act or knowingly omit to do any act whereby any of such Trademark Collateral may lapse or become invalid or unenforceable.
- (d) The Grantor shall not, unless the Grantor shall reasonably and in good faith determine (and notice of such determination, in form and substance satisfactory to the Lender Parties, shall have been delivered to the Agent) that any of the Copyright Collateral or any of the Trade Secrets Collateral is not material to the business of the Grantor and has negligible economic value, do or permit any act or knowingly omit to do any act whereby any of such Copyright Collateral or such Trade Secrets Collateral may lapse or become invalid or unenforceable or placed in the public domain, as the case may be, except upon expiration of the end of an unrenewable term of a registration thereof.
- (e) The Grantor shall notify the Agent promptly if it knows, or has reason to believe, 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 materially adverse determination or development (including the institution of, or any such materially adverse 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 the 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.
- (f) Promptly and in any event within 30 days the Grantor shall inform the Agent of each patent application and trademark application it has filed in the United States Patent Trademark Office and each copyright application it has filed in the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, and upon request of the Agent, will promptly execute and deliver any and all agreements, instruments, documents and papers as the Agent may reasonably request to evidence the security interest of the Lender Parties in such Intellectual Property Collateral and the goodwill and general intangibles of the Grantor relating thereto or represented thereby.
- (g) The Grantor shall take all necessary steps, including in any proceeding before 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, 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 that is used in the conduct, or otherwise is material to the business, of the Grantor, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and

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caricellation proceedings and the payment of fees and taxes (except to the extent that dedication, abandonment or invalidation is permitted under the foregoing clauses (a), (b) and (c).

Section 4.6 Insurance

The Grantor will maintain or cause to be maintained with responsible insurance companies insurance with respect to the Collateral against such casualties and contingencies and of such types and in such amounts as are required under the Credit Agreement.

Section 4.7 Transfers and Other Liens

The Grantor shall not:

- (a) sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, except Inventory in the ordinary course of business or as permitted by the Credit Agreement; or
- (b) create or suffer to exist any Encumbrance upon or with respect to any of the Collateral to secure indebtedness or liabilities of any Person or entity, except for the security interest created by this Security Agreement and except for Permitted Encumbrances.

Section 4.8 Further Assurances, etc.

The Grantor agrees that, forthwith upon request of the Agent, from time to time at its own expense, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary and reasonably requested by the Agent in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Lender Parties to exercise and enforce their rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor will:

- (a) if reasonably requested by the Agent, mark conspicuously each document included in the Inventory, each chattel paper included in the Receivables and each Related Contract with a legend, in form and substance satisfactory to the Agent, indicating that such document, chattel paper or Related Contract is subject to the security interest granted hereby;
- (b) if reasonably requested by the Agent, if any Receivable shall be evidenced by a promissory note or other instrument, negotiable document or chattel paper, deliver and pledge to the Agent hereunder such promissory note, instrument, negotiable document or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Agent;
- (c) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices (including, without limitation, any

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assignment of claim form under or pursuant to the federal assignment of claims statute, 31 U.S.C. § 3726, any successor or amended version thereof or any regulation promulgated under or pursuant to any version thereof), as may be necessary and reasonably requested by the Agent in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Lender Parties hereby; and

- (d) furnish to the Agent, from time to time at the Agent's reasonable request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail.

With respect to the foregoing and the grant of the security interest hereunder, the Grantor hereby authorizes the Agent, on behalf of the Lender Parties, to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law. A carbon, photographic or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

ARTICLE V

THE AGENT

Section 5.1 Agent Appointed Attorney-in-Fact

The Grantor hereby irrevocably appoints the Agent the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time in the Agent's discretion, to take any action and to execute any instrument which the Agent may deem reasonably necessary to accomplish the purposes of this Security Agreement, including, without limitation:

- (a) to ask, 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 the Collateral;
- (b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) immediately above;
- (c) to file any claims or take any action or institute any proceedings which the Agent may reasonably deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lender Parties with respect to any of the Collateral; and
- (d) to perform the affirmative obligations of the Grantor hereunder (including all obligations of the Grantor pursuant to Section 4.8).

The Grantor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable (until termination of the security interest hereunder as contemplated in Section 2.3) and coupled with an interest.

Section 5.2 Agent May Perform

If the Grantor fails to perform any agreement contained herein, the Agent may itself perform, or cause performance of, such agreement, and the expenses of the Agent incurred in connection therewith shall be payable by the Grantor pursuant to Section 6.2.

Section 5.3 Agent Has No Duty

In addition to, and not in limitation of, Section 2.4, the powers conferred on the Agent hereunder are solely to protect its interest (on behalf of the Lender Parties) in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

Section 5.4 Reasonable Care

The Agent is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided, however, that in the event that the Grantor shall have reasonably requested any such action for that purpose and the Agent shall have complied with such request the Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral to which such request pertained, but failure of the Agent to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care.

ARTICLE VI

REMEDIES

Section 6.1 Certain Remedies

If any Event of Default shall have occurred:

- (a) The Agent may exercise in respect of the 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 on default under the U.C.C. (whether or not the U.C.C. applies to the affected Collateral) and also may:
 - (i) require the Grantor to, and the Grantor hereby agrees that it will, at its expense and upon request of the Agent forthwith, assemble all or part of the Collateral as directed by the Agent and make it available to the Agent

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at a place to be designated by the Agent which is reasonably convenient to both parties; and

- (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Agent may deem commercially reasonable. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' prior notice to the 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 Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The 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, be made at the time and place to which it was so adjourned.

- (b) All cash proceeds received by the Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Agent, be held by the Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Agent pursuant to Section 6.2) in whole or in part by the Agent for the ratable benefit of the Lender Parties against, all or any part of the Obligations in such order as the Agent shall elect. Any surplus of such cash or cash proceeds held by the Agent and remaining after payment in full in cash of all the Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus.

Section 6.2 Indemnity and Expenses

- (a) The Grantor agrees to indemnify the Agent from and against any and all claims, losses and liabilities arising out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement) except to the extent caused by Agent's gross negligence or wilful misconduct.
- (b) The Grantor will upon demand pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, which the Agent may incur in connection with:
 - (i) the administration of this Security Agreement,
 - (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral,
 - (iii) the exercise or enforcement of any of the rights of the Agent or the Lender Parties hereunder, or

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- (iv) the failure by the Grantor to perform or observe any of the provisions hereof.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1 Credit Document

This Security Agreement is a Credit Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

Section 7.2 Amendments; etc.

No amendment to or waiver of any provision of this Security Agreement nor consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.3 Addresses for Notices

Any notice or communication to be given under this Security Agreement to the Grantor may be effectively given by delivering the same at the address set out on the signature page of this Security Agreement or by sending the same by facsimile or prepaid registered mail to it at such address. Any notice so mailed shall be deemed to have been received on the fifth Business Day next following the mailing of such notice, provided that postal service is in normal operation during such time. Any facsimile notice shall be deemed to have been received on transmission if sent during normal business hours on a Business Day and, if not, on the next Business Day following transmission. The Grantor may from time to time notify the Agent of any change of its address which after such notification, until changed by like notice, shall be the address of the Grantor for all purposes of this Security Agreement. Any notice or communication to be given under this agreement to the Agent shall be effective if given in accordance with the provisions of the Credit Agreement as to the giving of notice to it, and the Agent may change its address for notices in accordance with the said provisions.

Section 7.4 Section Captions

Section captions used in this Security Agreement are for convenience of reference only, and shall not affect the construction of this Security Agreement.

Section 7.5 Severability

Wherever possible each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under such law, such provision shall be

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ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement.

Section 7.6 Conflicts

In the event of any conflict or inconsistency between the provisions hereunder and the provisions of the Credit Agreement, then the provisions contained in the Credit Agreement shall govern. In particular, if any act or omission of the Grantor is expressly permitted under the Credit Agreement but is expressly prohibited hereunder, such act or omission shall be permitted. If any act or omission is expressly prohibited hereunder, but the Credit Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed hereunder but the Credit Agreement does not expressly relieve the Grantor from such performance, such fact shall not constitute a conflict or inconsistency between the applicable provisions hereunder and the provisions of the Credit Agreement.

Section 7.7 Counterparts

This Security Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed an original and all of which shall constitute together but one and the same agreement.

Section 7.8 Governing Law, Entire Agreement, etc.

THIS SECURITY AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), EXCEPT TO THE EXTENT THAT THE VALIDITY, ENFORCEABILITY OR PERFECTION OF THE SECURITY INTEREST 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 IN WHICH CASE THE APPLICABLE LAW SHALL APPLY. THIS SECURITY AGREEMENT AND THE OTHER CREDIT DOCUMENTS CONSTITUTE THE ENTIRE UNDERSTANDING AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF AND SUPERSEDE ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

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

~~THE MINACS GROUP (USA) INC.~~

By: _____
Name: Duncan Cowie,
Title: Authorized Signing Officer

By: _____
Name: Glen Snow,
Title: Authorized Signing Officer

Address: c/o Minacs Worldwide Inc.
505 Cochrane Drive
Markham, Ontario
L3R 8E3

Attention: Duncan Cowie

Facsimile No.: (905) 943-8677

**SCHEDULE I to
Security Agreement**

Item A. Location of Equipment and Inventory

Leasehold Locations

<u>Lessee</u>	<u>Lessor</u>	<u>Date</u>	<u>Leased Premises</u>
1. The Minacs Group (USA) Inc.	Tri-Con Industries Ltd. , as Sublessor	May 13, 1998 as amended September 1998	1800 Opdyke Court Auburn Hills, Michigan 48326
2. Phoenix Group	JFK Investment Company L.L.C.	July 26, 1996 as amended on May 16, 1997, July 7, 1997, June 24, 1999 and September 2000	West Hills I Office Building 34115 W. Twelve Mile Road Farmington Hills, Michigan 48331
3. Moore North America, Inc., The Phoenix Group Division	North Park Southfield, L.L.C.	August 10, 2000 as amended on February, 2001 and August 3, 2001	North Park Plaza Building 3 rd and 4 th Floors 17117 W. Nine Mile Road Southfield, Michigan
4. Phoenix Group, A Division of Moore Corporation Limited	Federal Plaza Associates	June 24, 1999	The Henry S. Reuss Federal Plaza 310 West Wisconsin Avenue Milwaukee, Wisconsin
5. Phoenix Group, a division of Moore North America, Inc.	HNC Insurance Solutions, Inc., as Sublessor	January 28, 2000	3200 Park Center Drive Suite 1100 Costa Mesa Orange County, California

Owned Locations

Nil

Bailee Locations

Nil

Item B. Location of Lock Boxes

Nil

Item C. Location of Records Concerning Receivables

1. Chief Executive Office

505 Cochrane Drive
 Markham, Ontario
 L3R 8E3

Other Addresses

<u>Lessee</u>	<u>Lessor</u>	<u>Date</u>	<u>Leased Premises</u>
1. The Minacs Group (USA) Inc.	Tri-Con Industries Ltd. , as Sublessor	May 13, 1998 as amended September 1998	1800 Opdyke Court Auburn Hills, Michigan 48326
2. Phoenix Group	JFK Investment Company L.L.C.	July 26, 1996 as amended on May 16, 1997, July 7, 1997, June 24, 1999 and September 2000	West Hills I Office Building 34115 W. Twelve Mile Road Farmington Hills, Michigan 48331
3. Moore North America, Inc., The Phoenix Group Division	North Park Southfield, L.L.C.	August 10, 2000 as amended on February, 2001 and August 3, 2001	North Park Plaza Building 3 rd and 4 th Floors 17117 W. Nine Mile Road Southfield, Michigan
4. Phoenix Group, A Division of Moore Corporation Limited	Federal Plaza Associates	June 24, 1999	The Henry S. Reuss Federal Plaza 310 West Wisconsin Avenue Milwaukee, Wisconsin
5. Phoenix Group, a division of Moore North America, Inc.	HNC Insurance Solutions, Inc., as Sublessor	January 28, 2000	3200 Park Center Drive Suite 1100 Costa Mesa Orange County, California

Item D. Trade Names

Nil

Item E. Deposit Accounts

<u>Bank Name and Address</u>	<u>Account Number</u>	<u>Contact Person</u>
Comerica Bank 2 Rabina Drive Atlanta, GA 30346	1851-26706-0 1038-014278* 2176-960462* (Disbursement account)	James Lentner T: (770) 913-3062 F: (770) 913-9284

* Phoenix accounts to be transferred to The Minacs Group (USA) Inc. upon acquisition.

**SCHEDULE II to
Security Agreement**

Item A. **Copyright Collateral**

None

Item B. **Patent Collateral**

None

Item C. **Trademark Collateral**

<u>Country</u>	<u>Trademark</u>	<u>Application No.</u>	<u>Date</u>	<u>Name of Owner</u>
United States	Stylized bird over "Phoenix Group, Inc."* * [word and design mark]	74-267,908 Reg. No. 1,797,588	Filed: 10/12/93	Phoenix Group, Inc.**
United States	Phoenix Group, Inc.*	M18081	Reg: 8/6/93 (Michigan)	Phoenix Group, Inc.
United States	Phoenix Group, Inc.*	M17081	Reg: 8/6/93 (Michigan)	Phoenix Group, Inc.
United States	Stylized bird over "Phoenix Group, Inc."* * [word and design mark]	74-267,905 Reg. No. 1,790,621	Filed: 08/31/93	Phoenix Group, Inc.**
United States	ICM Success*	78-046,092 Pending	Filed: 02/01/01	Moore North America, Inc.
United States	Smartline*	78-064,339 Pending	Filed: 05/18/01	Moore North America, Inc.
United States	Virtual Customer Care*	75-874,695 Pending	Filed: 12/20/99	Moore North America Inc.

* To be transferred to The Minacs Group (USA) Inc. upon acquisition.

** predecessor of Moore North America, Inc.

Item D. **Trade Secrets Collateral**

None