01-24-2002

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Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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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):

KuryAkyn Holdings, Inc. 1·14·02

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

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

2. Name and address of receiving party(ies)

Name: The Prudential Insurance Company of America

Internal Address: Suite 2700

Street Address: Four Embarcadero Center

City: San Francisco State: California Zip: 94111

- ☐ Individual(s) citizenship
- ☐ Association
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Corporation-State
- ☑ Other Mutual Insurance Company

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: January 5, 2001

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,669,350; 1,963,632

Additional number(s) attached ☐ Yes ☑ No

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

Name: Lori Loehr, Legal Assistant

Internal Address: Schiff Hardin & Waite

74th Floor

Street Address: 6600 Sears Tower

City: Chicago State: Illinois Zip: 60606

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41).....$ 65.00

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

8. Deposit account number:

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

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.

Chris L. Bollinger
Name of Person Signing

Signature

10-4-01
Date

Total number of pages including cover sheet, attachments, and document: 38

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

01/23/2002 JJALLAH2 00000141 1669350

01 FC:481 40.00 OP
02 FC:482 25.00 OP

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (**"Agreement"**), dated as of January 5, 2001, is entered into by KuryAykn Holdings, Inc., a Wisconsin corporation (the **"Company"**), in favor of The Prudential Insurance Company of America, acting in its capacity as collateral agent for the holders of the Notes issued under the Note Agreement (as defined below) (together with its successors in such capacity, the **"Collateral Agent"**).

WITNESSETH:

WHEREAS, Motorsport Aftermarket Group, Inc., a Delaware corporation (**"Motorsport"**) is the direct or indirect owner of all of the outstanding capital stock of the Company;

WHEREAS, Motorsport, the Collateral Agent, The Prudential Insurance Company of America, in its individual capacity, and each of the purchasers named on the Purchaser Schedule attached thereto have entered into that certain Note Purchase and Revolving Credit Agreement dated as of December 8, 2000 (as amended, restated, supplemented or otherwise modified, the **"Note Agreement"**);

WHEREAS, the Company has entered into that certain Joinder Agreement, dated as of the date hereof, joining it as a party to that ceratin Guaranty Agreement dated as of December 8, 2000, made by MAG Acquisition Sub, Inc. in favor of the holders of the notes issued under the Note Agreement (as amended, restated, supplemented or otherwise modified, the **"Guaranty"**);

WHEREAS, the Note Agreement requires the Company to execute and deliver this Agreement to secure the Company's obligations under the Guaranty;

WHEREAS, the Secured Parties and the Collateral Agent have entered into that certain Collateral Agency Agreement dated as of December 8, 2000, which sets forth, among other things, (a) the appointment of the Collateral Agent and (b) the exercise of certain rights, remedies and options by the Collateral Agent on behalf of the Secured Parties under the Transaction Documents; and

WHEREAS, in order to provide security for the Secured Obligations, the Company has agreed to grant to the Collateral Agent, on behalf of and for the benefit of the Secured Parties, a security interest in the Collateral in the manner set forth in this Agreement;

NOW THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Collateral Agent, intending to be legally bound, do hereby covenant and agree as follows:

ARTICLE 1

DEFINED TERMS AND PRINCIPLES OF CONSTRUCTION

1.1 Defined Terms.

(a) Capitalized terms used herein without being defined herein shall have the meaning ascribed to such terms in paragraph 10A of the Note Agreement, which paragraph 10A is incorporated herein by reference as though set forth fully herein. Unless otherwise defined herein or in the Note Agreement, all terms defined in the Uniform Commercial Code as in effect from time to time in the State of New York (**"UCC"**) which are used herein shall have the respective meanings given those terms in the UCC.

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

"Accounts" shall mean all presently existing and hereafter arising or acquired accounts, accounts receivable, contracts, notes, drafts, acceptances, and other forms of obligations (including forms of obligations evidenced by chattel paper, documents or instruments) now or hereafter owned or held by or payable to the Company relating in any way to Inventory or arising from the sale or lease of Inventory or the rendering of services by the Company or howsoever otherwise arising, including the right to payment of any interest or finance changes with respect thereto; all such merchandise that may be reclaimed or repossessed or returned to the Company; all of the Company's rights as an unpaid vendor, including stoppage in transit, reclamation, rescission, replevin, and sequestration; all pledged assets and all letters of credit, guaranty claims, Liens held by or granted to the Company to secure payment of any Accounts; all proceeds and products of all of the foregoing described properties and interests in properties; and all proceeds of insurance with respect thereto; and all customer lists, ledgers, books of account, records, computer programs, computer disks or tape files (including all microfilm), computer printouts, computer runs, and other computer prepared information relating to any of the foregoing.

"Collateral" shall have the meaning specified in Section 2.1(a).

"Contract Rights" shall mean: (i) all (x) rights to payment under or with respect to any Contract and (y) payments due and to become due under or with respect to any Contract, in each case whether as contractual obligations, damages, indemnity payments or otherwise; (ii) all of the Company's claims, rights, powers or privileges and remedies under any Contract including, but not limited to, all of the warranties, representations and guarantees contained in such Contract; and (iii) all of the Company's rights under any Contract to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval, together with full power and authority with respect to such Contract to demand, receive, enforce or collect any of the foregoing rights or any property the subject of such Contract, to enforce or execute any checks or other instruments or orders, to file any claims and to

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take any action which, in the opinion of the Collateral Agent, may be necessary or advisable in connection with any of the foregoing.

"Contracts" shall mean all contracts and agreements to which the Company now is, or hereafter will be, bound, or a party, beneficiary or assignee all exhibits thereto and all other instruments, agreements and documents executed and delivered with respect to such contracts and all revenues, rentals, Proceeds and other sums of money due and to become due from any of the foregoing.

"Copyrights" shall mean any United States or foreign copyright owned by the Company now or hereafter, including any registration of any copyrights in the United States Copyright Office or the equivalent thereof in any foreign country, as well as any application for a United States or foreign copyright registration now or hereafter made with the United States Copyright Office or the equivalent thereof in any foreign jurisdiction by the Company.

"Equipment" shall mean any "equipment," as such term is defined in the UCC, now or hereafter owned or leased by the Company, wherever located, together with all improvements thereon and all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"Financing Statements" shall mean all financing statements, recordings, filings or other instruments of registration necessary and appropriate to perfect a security interest or Lien by filing in any appropriate filing or recording office in accordance with the Uniform Commercial Code as enacted in any and all relevant jurisdictions or any other relevant applicable law.

"Governmental Approval(s)" shall mean any consent, license, approval, registration, permit, sanction or other authorization of any nature which is required to be granted by any Governmental Authority for (i) the formation of the Company, (ii) the enforceability of any Transaction Documents and the making of any payments contemplated thereunder, and (iii) all such other matters as may be necessary in connection with the performance of the Company's obligations under any Transaction Document.

"Governmental Authority" shall mean any government, or any nation, state or political subdivision of any state, or any instrumentality, ministry, department, agency, court, tribunal, authority, corporation, commission or other body or entity of, or under the direct or indirect control of, any of the foregoing, including any central bank or other fiscal, monetary or other authority.

"Insurance Policies" shall mean all insurance policies to which the Company now is, or hereafter will be, a party.

"Marks" shall mean all right, title and interest in and to any United States or foreign trademarks, service marks and trade names now held or hereafter acquired by the Company,

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including any registration or application for registration of any trademarks and service marks now held or hereafter acquired by the Company, which are registered in the United States Patent and Trademark Office or the equivalent thereof in any State of the United States or in any foreign country, as well as any unregistered marks used by the Company, and any trade dress including logos, designs, company names, business names, fictitious business names and other business identifiers used by the Company in the United States.

"**Monies**" shall mean all cash, payments, Permitted Investments and other amounts (including instruments evidencing such amounts) on deposit in or credited to any Account.

"**Patents**" shall mean any United States or foreign patent to which the Company now or hereafter has title and any divisions or continuations thereof, as well as any application for a United States or foreign patent now or hereafter made by the Company.

"**Proceeds**" shall mean any "proceeds," as such term is defined in the UCC or under other applicable law, and, in any event, shall include, but shall not be limited to, (i) any and all proceeds of, or amounts (in any form whatsoever, whether cash, securities, property or other assets) received under or with respect to, any insurance, indemnity, warranty or guaranty payable to the Collateral Agent or the Company from time to time, and claims for insurance, indemnity, warranty or guaranty effected or held for the benefit of the Company, with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever, whether cash, securities, property or other assets) made or due and payable to the Collateral Agent or the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any person acting under color of Governmental Authority), and (iii) any and all other amounts (in any form whatsoever, whether cash, securities, property or other assets) from time to time paid or payable, in all events, under or in connection with any of the Collateral (whether or not in connection with the sale, lease or other disposition of the Collateral).

"**Receivables**" shall mean any "account," as such term is defined in the UCC, and, in any event, shall include, but shall not be limited to, all of Company's rights to payment, whether now in existence or arising from time to time hereafter, of any kind evidenced by or arising under or with respect to any account, note, Contract, security agreement, Chattel Paper, or other evidence of indebtedness or security, together with (i) all security pledged, assigned, hypothecated or granted to or held by the Company to secure the foregoing, (ii) all of the Company's right, title and interest in and to any Goods, General Intangibles or other Collateral, the sale of which gave rise thereto, (iii) all letters of credit, guarantees, credit support agreements, endorsements and indemnifications on, or of, any of the foregoing, (iv) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith, (v) all books, correspondence, credit files, records, ledger cards, invoices and other papers relating thereto, including, without limitation, all similar information stored on a magnetic medium or other similar storage device and other papers and documents in the possession or under the control of the Company or any computer bureau from time to time acting for the Company, (vi) all evidences of the filing of Financing

Statements and other statements and the registration of other instruments in connection therewith and amendments thereto, notices to other creditors or secured parties, and certificates from filing or other registration officers, (vii) all credit information, reports and memoranda relating thereto, and (viii) all other writings related in any way to the foregoing.

"**Secured Obligations**" means any and all indebtedness, liabilities and obligations of the Company of whatever nature and howsoever evidenced (including, but not limited to, all indebtedness, liabilities and obligations under the Guaranty) to any of the Secured Parties arising under or relating to any Transaction Document, in each case, direct or indirect, primary or secondary, fixed or contingent, whenever arising.

"Secured Parties" means the Collateral Agent, The Prudential Insurance Company of America, in its individual capacity, and each holder of a Note.

"Termination Date" shall mean the date on which the Secured Obligations have been indefeasibly paid in full in cash or cash equivalents and any commitment to make Revolving Loans under the Note Agreement has expired or been terminated.

"Trade Secret Rights" shall mean the rights of the Company in any Trade Secret it holds.

"Trade Secrets" shall mean any secretly held existing engineering and other data, information, production procedures and other know-how relating to the design, manufacture, assembly, installation, use, operation, marketing, sale and servicing of any products or business of the Company whether written or not written.

"UCC" shall have the meaning specified in Section 1.1(a).

ARTICLE 2

GRANT OF SECURITY INTEREST

2.1 Assignment and Grant of Security Interest.

(a) As collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Secured Obligations, whether now existing or hereafter arising and howsoever evidenced, the Company hereby assigns, transfers and grants to the Collateral Agent and hereby creates in favor of the Collateral Agent, for the benefit of the Secured Parties, a continuing Lien on and security interest of first priority (subject to Permitted Liens) in all of the right, title and interest of the Company, to and under all of the following, whether now existing or hereafter from time to time acquired (collectively, the **"Collateral"**):

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(1) all Accounts;

(2) all Receivables;

(3) all Inventory;

(4) all Equipment;

(5) all Marks, together with the registrations and right to all renewals thereof;

(6) all Patents and Copyrights and all reissues, renewals or extensions thereof;

(7) all computer programs of the Company and all intellectual property rights therein and all other proprietary information of the Company, including, but not limited to, Trade Secret Rights;

(8) all Financial Assets;

(9) all Investment Property;

(10) all Contracts, together with all Contract Rights arising thereunder;

(11) all Governmental Approvals, provided that any Governmental Approval which by its terms or by operation of law would become void, voidable, terminable or revocable if mortgaged, pledged or assigned hereunder or if a security interest therein were granted hereunder is expressly excepted and excluded from such Lien and the terms of this Agreement to the extent, and only to the extent, necessary so as to avoid such voidness, voidability, terminability or revocability;

(12) all Fixtures;

(13) all Insurance Policies;

(14) all bank accounts, Securities Accounts and trust accounts of the Company, all cash, securities, instruments, Investment Property, Financial Assets, Security Entitlements and other property from time to time held in, or credited to, such accounts and all interest and income earned on any such cash, securities, instruments, Investment Property, Financial Assets, Security Entitlements and other property;

(15) without limiting the generality of the foregoing, all other personal property, Goods, General Intangibles, Instruments, Chattel Paper, Documents, credits,

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claims, demands and assets of the Company, whether now existing or hereafter acquired from time to time and whether or not of a type which may be subject to a security interest under the UCC:

(16) any and all additions and accessions to any of the foregoing, all improvements thereto, all substitutions and replacements therefor and all products and Proceeds thereof; and

(17) in addition, without in any manner limiting the foregoing descriptions of Collateral, the Debtor acknowledges and agrees that, in applying the law of any jurisdiction that has now or hereinafter enacted all or substantially all of the uniform revision to Article 9 of the Uniform Commercial Code (effective date of July 1, 2001) the Collateral description set forth in (1) through (16) above (both inclusive), shall also be deemed to include, in addition to the Collateral described in (1) through (16) above (both inclusive), all accessions, accounts, as-extracted collateral, chattel paper, electronic chattel paper, promissory notes, commercial tort claims, commingled goods, consumer goods, deposit accounts, documents, equipment, fixtures, general intangibles, health-care-insurance receivables, instruments, inventory, investment property, letter of credit rights, money, payment intangibles, software, supporting obligations and all additions and accessions to any of the foregoing, all improvements thereto, all substitutions and replacements therefor and all products and proceeds thereof (all terms used in this subclause (17) having the meanings ascribed to such terms in such revised Article 9 of the UCC except for the term "investment property" which shall have the meaning ascribed to such term in Article 8 of the UCC).

(b) The security interest granted to the Collateral Agent pursuant to this Agreement extends to all Collateral of the kind which is the subject of this Agreement which the Company may acquire at any time during the continuation of this Agreement, whether such Collateral is in transit or in the Company's, the Collateral Agent's, any Secured Party's, or any other Person's constructive, actual or exclusive occupancy or possession.

(c) The occurrence of an Event of Default under the Note Agreement, whatever the cause for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any governmental body, shall constitute an Event of Default hereunder.

2.2 Security Interest Absolute. All rights of the Collateral Agent and all security interests created hereunder shall be absolute and unconditional irrespective of any circumstance or occurrence whatsoever, including, without limitation:

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(a) any lack of validity or enforceability of all or any part of the Secured Obligations or of any security therefor or of any of the Transaction Documents 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 part of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from or exercise or non-exercise of any right under any of the Transaction Documents or any other agreement or instrument relating thereto; or

(c) any exchange, release or non-perfection of any other collateral for, or any release or amendment or waiver of or consent to any departure from any guaranty for, all or any part of the Secured Obligations.

2.3 Power of Attorney.

(a) Without limiting any other rights or powers granted to the Collateral Agent hereunder, the Company hereby constitutes and appoints the Collateral Agent, or any Person or agent whom the Collateral Agent may designate, as the Company's attorney-in-fact, at the Company's cost and expense, to exercise all or any of such powers in accordance with Article 9 of the UCC upon the occurrence and during the continuance of an Event of Default; which powers, being coupled with an interest, shall be irrevocable until the Termination Date:

(i) to receive, take, endorse, sign, assign and deliver, all in the Collateral Agent's name or in the Company's name, any and all checks, notes, drafts and other documents or instruments relating to the Collateral;

(ii) to receive, open and dispose of all mail addressed to the Company and to notify postal authorities to change the address for delivery thereof to such address as the Collateral Agent designates;

(iii) to request from account debtors of the Company in the Company's name or in the Collateral Agent's name, information concerning the Receivables and the amounts owing thereon;

(iv) to transmit to account debtors indebted on Receivables notice of the Collateral Agent's interest therein;

(v) to notify account debtors indebted on Receivables to make payment directly to the Collateral Agent;

(vi) to take or bring, in the Company's name or in the Collateral Agent's name, all steps, actions, suits or proceedings deemed by the Collateral Agent to be necessary or desirable to enforce or effect collection of the Receivables;

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(vii) to prepare, sign and file any Financing Statements in the name of the Company as debtor for the purpose of perfecting Liens;

(viii) to take or cause to be taken all actions necessary to perform or comply or cause performance or compliance with the covenants of the Company contained in the Transaction Documents in accordance with this Agreement;

(ix) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral;

(x) to defend any suit, action or proceeding brought against the Company;

(xi) to settle, compromise or adjust any suit, action or proceeding described in the preceding clause and, in connection therewith, to give such discharges or releases as the Collateral Agent may deem appropriate;

(xii) generally, to sell or transfer and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and the Company's expense, at any time, or from time to time, all acts and things which the Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the Liens of the Collateral Agent thereon;

(xiii) to execute, in connection with any foreclosure, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral;

(xiv) to perform (including, without limitation, by satisfying any payment obligation), or cause the performance of, any Contract;

(xv) to defend the title to the Contract Rights against the claims and demands of any Person, subject to Permitted Liens;

(xvi) to exercise any and all of the Company's rights, powers and remedies under any Contract in accordance with Section 7.4; and

(xvii) to exercise any and all other rights, remedies, powers and privileges of the Company with respect to the Collateral.

(b) The Company hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof, in each case pursuant to the powers granted hereunder. The Company hereby acknowledges and agrees that in acting pursuant to this power-of-attorney the Collateral Agent shall be acting in its own interest and on behalf of the Secured Parties, and the Company

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acknowledges and agrees that the Collateral Agent and the Secured Parties shall have no fiduciary duties to the Company and the Company hereby waives any claims to the rights of a beneficiary of a fiduciary relationship hereunder.

2.4 Company's Duties. (a) Anything herein contained to the contrary notwithstanding, the Company shall remain liable to perform all of its obligations under or with respect to the Collateral, and neither the Collateral Agent nor any other Secured Party shall have any obligations or liabilities under or with respect to any Collateral by reason of or arising out of this Agreement, nor shall the Collateral Agent or any other Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or with respect to any Collateral.

(b) If any Collateral is in the possession of a third party, the Company will notify the Collateral Agent of this fact and shall provide in such notice to the Collateral Agent (i) the name, address and telephone number of such third party, and (ii) a description of the Collateral in such third party's possession. The Company agrees to assist the Collateral Agent in notifying such third party of the Collateral Agent's security interest in such Collateral and in obtaining an acknowledgment from such third party that it is holding such Collateral for the benefit of the Collateral Agent.

(c) The Company shall cooperate with the Collateral Agent in obtaining control with respect to collateral consisting of deposit accounts, investment property, letter of credit rights and electronic chattel paper.

(d) The Company shall place a legend on any Chattel Paper created by the Company. Such legend must be in a form and substance acceptable to the Collateral Agent and must indicate that the Collateral Agent has a security interest in the Chattel Paper.

2.5 Effective as a Financing Statement. This Agreement shall also be effective as a Financing Statement covering any Collateral and may be filed in any appropriate filing or recording office. A carbon, photographic, facsimile or other reproduction of this Agreement or of any Financing Statement relating to this Agreement shall be sufficient as a Financing Statement for any of the purposes referred to in the preceding sentence.

2.6 Company Operations. Nothing contained in this Article 2 or elsewhere in this Agreement to the contrary shall prevent the Company from undertaking its operations in the ordinary course of business in accordance with the terms of the Transaction Documents prior to the exercise by the Collateral Agent of any of its rights to the contrary.

ARTICLE 3

GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

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The Company represents, warrants and covenants, which representations, warranties and covenants shall survive execution and delivery of this Agreement, as follows:

3.1 Necessary Filings. All filings, registrations and recordings necessary or appropriate to create, preserve, protect and perfect the security interest granted by the Company to the Collateral Agent on behalf of the Secured Parties hereby in respect of the Collateral have been accomplished and the security interest granted to the Collateral Agent pursuant to this Agreement in and to the Collateral constitutes a valid and enforceable perfected security interest therein superior and prior to the rights of all Persons therein and, in each case, subject to no other Liens, sales, assignments, conveyances, settings over or transfers other than Permitted Liens. The Company authorized the Collateral Agent to take any action to accomplish the foregoing including, but not limited to, filing Financing Statements describing the Collateral Agent as the "Secured Party" and the Company as the "Debtor" and indicating thereon the Collateral.

3.2 No Liens. The Company has rights in, is the owner of, or has the power to transfer all of the Collateral and such rights in, such ownership of, or such power to transfer the Collateral is free from any Lien or other right, title or interest of any Person (other than in connection with Permitted Liens) and the Company shall defend such Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Collateral Agent, in each case other than with respect to any Permitted Liens. Without limiting the generality of the foregoing, the Company shall not assign, charge, convey, sell, set over, transfer, lease, license or grant any security interest in the Collateral other than (x) pursuant to this Agreement and the other Transaction Documents or (y) in connection with any Permitted Lien.

3.3 Other Financing Statements. There is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) executed by the Company or, to the knowledge of the Company, by any other Person covering or purporting to cover any interest of any kind in the Collateral (other than Permitted Liens) and until the Termination Date the Company will not execute or authorize to be filed in any public office any Financing Statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except (x) Financing Statements (or continuations thereof) filed or to be filed in respect of and covering the security interests granted hereby by the Company and (y) Financing Statements (or continuations thereof) covering Permitted Liens.

3.4 Chief Executive Office; Records. The chief executive office of the Company is located at the address indicated on Appendix A hereto. The Company shall not move its chief executive office unless it has complied with the requirements of the last sentence of this Section 3.4. The originals of all documents evidencing all Collateral of the Company, and the original books of accounts and records concerning the Collateral are, and will continue to be, kept at, and controlled and directed (including, without limitation, for general accounting purposes) from, the Company's chief executive office, or at such new location for its chief executive office as the Company may establish in accordance with the last sentence of this Section 3.4. The Company shall not establish a new location for its chief executive office until (i) it has given to the Collateral Agent

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not less than thirty (30) days' prior written notice of its intention so to do, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request, and (ii) with respect to such new location, it shall have taken all action, satisfactory to the Collateral Agent, to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

3.5 Maintenance of Records. The Company shall keep and maintain, at its own cost and expense, records of the Collateral, including, but not limited to, records of all payments received and all credits granted thereon (subject to customary record retention policies for similar companies located in the United States), and the Company shall make the same available to the Collateral Agent and the Secured Parties for inspection at Company's chief executive office, at the Secured Parties' expense if no Default or Event of Default exists or at the Company's expense if a Default or Event of Default exists, at any and all reasonable times upon demand. The Company shall, at its own cost and expense, deliver all tangible evidence that the Collateral Agent may request of the Collateral and books and records to the Collateral Agent or to its representatives (copies of which evidence and books and records may be retained by the Company) at any reasonable time upon the Collateral Agent's demand. If an Event of Default occurs and continues, and if the Collateral Agent, in accordance with Article 9 of the UCC so directs, the Company shall legend in form and substance satisfactory to the Collateral Agent, the Collateral, as well as books, records and documents of the Company evidencing or pertaining to the Collateral, with an appropriate reference to the fact that the Collateral has been assigned to the Collateral Agent and that the Collateral Agent has a security interest therein.

3.6 Maintenance of Insurance. The Company will maintain until the Termination Date such insurance as is required by Paragraph 5E of the Note Agreement. The Company shall promptly, but in any event within five (5) Business Days of receipt thereof, give a copy to the Collateral Agent of any notice which it receives from any insurance company regarding any material change, individually or cumulatively, in the amount or scope of its coverage.

3.7 Location of Inventory and Equipment. All Inventory and Equipment held on the date hereof by the Company is located at one of the locations shown on Appendix C hereto. The Company agrees that all Inventory and Equipment now held or subsequently acquired by it shall be kept at (or shall be in transport to or from) any one of the locations shown on Appendix C hereto or such new location as the Company may establish in accordance with the last sentence of this Section 3.7. The Company may establish a new location for the Inventory and Equipment if (i) it shall have given to the Collateral Agent not less than thirty (30) days prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request and (ii) with respect to the new location, the Company shall have taken all actions reasonably satisfactory to the Collateral Agent to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

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3.8 State of Organization; Name of Company. The exact legal name of the Company and the state of organization of the Company the are set forth Appendix B. The Company shall not change its exact legal name or its state of organization until (i) it has given to the Collateral Agent not less than thirty (30) days' prior written notice of its intention so to do, clearly describing such new state of organization and such new legal name and providing such other information in connection therewith as the Collateral Agent may reasonably request, and (ii) it has taken all action, satisfactory to the Collateral Agent, to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

3.9 Business Purpose. The Secured Obligations and other transactions hereunder are extensions of credit for a business purpose and are not Consumer Transactions or Consumer Goods Transactions (as such terms are defined under the uniform revision to Article 9 of the Uniform Commercial Code (effective date of July 1, 2001)).

ARTICLE 4

SPECIAL PROVISIONS CONCERNING TRADEMARKS, TRADE SECRET RIGHTS, PATENTS AND COPYRIGHTS

TRADEMARKS

4.1 Additional Representations and Warranties. The Company represents and warrants that it is the true and lawful owner of the Patent and Trademark Office registrations, and applications for registrations, of the Marks listed in Appendix D attached hereto and that Appendix D lists all of the United States Patent and Trademark Office (or the equivalent office thereof in any foreign country) registrations, and applications for registrations, of the Marks that the Company now owns or uses in connection with its business. The Company represents and warrants that except with respect to those licensed marks set forth in Appendix D, it owns, is licensed to use or otherwise has the right to use all material Marks that it uses. The Company further warrants that it is aware of no third party claim that any material aspect of the Company's present or contemplated business operations infringes or will infringe any Mark. Except as set forth on Appendix D, the Company represents and warrants that it is the true and lawful owner of or otherwise has the right to use all United States trademark registrations and applications listed in Appendix D hereto and that said registrations are valid, subsisting, have not been canceled and that the Company is not aware of any third party claim that any of said registrations or applications for registration with respect to a Mark is invalid or unenforceable and is not aware that there is any reason that any of said registrations or applications for registration with respect to a Mark is invalid or unenforceable. The Company hereby grants to the Collateral Agent an absolute power of attorney to sign, upon the occurrence and during the continuance of an Event of Default, any document which may be required by the United States Patent and Trademark Office in order to effect an absolute assignment of all right, title and interest in each Mark owned by the Company, and record the same.

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4.2 Licenses and Assignments. Subject to the provisions of Sections 4.4 and 4.5 and the right of the Company to dispose of property under paragraph 6G of the Note Agreement, the Company hereby agrees not to divest itself of any right under a Mark other than (a) in the ordinary course of business or (b) with the prior written approval of the Collateral Agent.

4.3 Infringements. The Company agrees, promptly upon learning thereof, to notify the Collateral Agent in writing of the name and address of, and to furnish such pertinent information that may be available with respect to, any party who may be infringing or otherwise violating in any material respect any of the Company's rights in and to any Mark, or with respect to any party claiming that the Company's use of any Mark violates in any material respect any property right of that party. The Company further agrees to prosecute diligently any Person infringing in any material respect any Mark owned by the Company in a manner consistent with its past practice and in accordance with reasonable business practices.

4.4 Preservation of Marks. The Company agrees to use or license the use of its Marks in interstate commerce, during the time in which this Agreement is in effect, sufficiently to preserve such Marks as trademarks or service marks registered under the laws of the United States or the relevant foreign jurisdiction; provided that the Company shall not be obligated to preserve any Mark in the event the Company determines, in its reasonable business judgment, that the preservation of such Mark is no longer necessary in the conduct of its business.

4.5 Maintenance of Registration. The Company shall, at its own expense, diligently process all documents required to maintain trademark registrations, including but not limited to affidavits of use and applications for renewals of registration in the United States Patent and Trademark Office or equivalent governmental agency in any foreign jurisdiction, for all of its Marks (excluding unregistered marks), and shall pay all fees and disbursements in connection therewith, and shall not abandon any such filing of affidavit of use or any such application of renewal prior to the exhaustion of all administrative and judicial remedies without prior written consent of the Collateral Agent; provided that the Company shall not be obligated to maintain any Mark or prosecute any such application for registration in the event that the Company determines, in its reasonable business judgment, that such Mark or such application is no longer necessary in the conduct of its business.

4.6 Future Registered Marks. If any registration issues hereafter to the Company as a result of any application now or hereafter pending before the United States Patent and Trademark Office or equivalent governmental agency in any foreign jurisdiction, within thirty (30) days of receipt of the certificate evidencing such registration the Company shall deliver to the Collateral Agent a copy of such certificate, and a grant thereof hereunder, the form of such confirmatory grant to be substantially the same as the form hereof.

4.7 Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent may, by written notice to the Company, take any or all of the following actions: (i) declare the entire right, title and interest of the Company in and to each of the Marks, together with all trademark

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rights and rights of protection to the same, vested, in which event such rights, title and interest shall immediately vest, in the Collateral Agent for the benefit of the Secured Parties pursuant to a trademark security agreement in form and substance satisfactory to the Collateral Agent, executed by the Company and filed on the date hereof, pursuant to which all of the Company's rights, title and interest in and to the Marks are assigned to the Collateral Agent for the benefit of the Secured Parties; (ii) take, use, or sell the Marks and the goodwill of the Company's business symbolized by the Marks and the right to carry on the business and use the assets of the Company in connection with which the Marks have been used; and (iii) direct the Company to refrain, in which event the Company shall refrain, from using the Marks in any matter whatsoever, directly or indirectly; and the Company shall, if requested by the Collateral Agent, change its corporate name to eliminate therefrom any use of any Mark and execute such other and further documents that the Collateral Agent may request to further confirm this and to transfer to the Collateral Agent for the benefit of the Secured Parties ownership of the Marks and registrations and any pending trademark application in the United States Patent and Trademark Office or any equivalent governmental agency or office in any foreign jurisdiction.

TRADE SECRET RIGHTS, PATENTS AND COPYRIGHTS

4.8 Additional Representations and Warranties. The Company represents and warrants (i) that it is the true and lawful owner or licensee of all rights in all Trade Secrets, (ii) that it is the true and lawful owner or licensee of all rights in the Patents listed in Appendix E attached hereto and that said patents constitute all the patents and applications for patents that the Company now owns and (iii) that it is the true and lawful owner or licensee of all rights in the Copyrights listed in Appendix F attached hereto and that said Copyrights constitute all the registered copyrights and applications for copyright registrations that the Company now owns or licenses. The Company further warrants that it is aware of no third party claim that any material aspect of the Company's present or contemplated business operations infringes or will infringe any patent or copyright or that the Company has misappropriated any rights in Trade Secrets.

4.9 Licenses and Assignments. Subject to the provisions of Sections 4.11, 4.12 and 4.13 and the right of the Company to dispose of assets under paragraph 6G of the Note Agreement, the Company hereby agrees not to divest itself of any right under a Patent or Copyright other than (a) in the ordinary course of business or (b) without the prior written approval of the Collateral Agent.

4.10 Infringements. The Company agrees, promptly upon learning thereof, to furnish the Collateral Agent in writing with all pertinent information available to the Company with respect to any infringement or other violation in any material respect of any of the Company's rights in any Patent or Copyright, or with respect to any claim that the practice of any Patent or the use of any Copyright violates in any material respect any property right of a third party, or with respect to any misappropriation of any rights in Trade Secrets or any claim that the practice of any Trade Secret Right violates in any material respect any property right of a third party. To the extent consistent with its past practice and in accordance with reasonable business practices, the Company further

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agrees, to prosecute diligently any Person infringing any material Patent or material Copyright owned by the Company, or any Person misappropriating any material rights in Trade Secrets.

4.11 Maintenance of Patents or Copyrights. At its own expense, the Company shall make timely payment of all post-issuance fees required to maintain in force rights under each of its Patents and Copyrights; provided that the Company shall not be obligated to maintain any Patent or Copyright in the event the Company determines, in its reasonable business judgment, that the maintenance of such Patent or Copyright is no longer necessary in the conduct of its business.

4.12 Prosecution of Patent or Copyright Application. At its own expense, the Company shall diligently prosecute all applications for (i) Patents listed on Appendix E hereto and (ii) Copyrights listed on Appendix F hereto, and, in each case, shall not abandon any such application prior to exhaustion of all administrative and judicial remedies, absent written consent of the Collateral Agent; provided that the Company shall not be obligated to maintain any Patent or Copyright or prosecute any application thereof in the event the Company determines, in its reasonable business judgment, that the maintenance of such Patent or Copyright or the prosecution of such application is no longer necessary in the conduct of its business.

4.13 Other Patents and Copyrights. Within (30) days of the acquisition or issuance of a Patent or Copyright registration, or of the filing of an application for a Patent or Copyright registration, the Company shall deliver to the Collateral Agent a copy of said Patent or Copyright registration or said application for a Patent or Copyright registration, as the case may be, with a grant of security as to such Patent or Copyright, as the case may be, confirming the grant thereof hereunder, the form of such confirmatory grant to be substantially the same as the form hereof, provided that the Company shall not be obligated to prosecute any application in the event that the Company determines, in its reasonable business judgment, that such application is no longer necessary in the conduct of its business.

4.14 Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent may by written notice to the Company take any or all of the following actions: (i) declare the entire right, title and interest of the Company in each of the Patents and Copyrights vested, in which event such right, title and interest shall immediately vest, in the Collateral Agent for the benefit of the Secured Parties, pursuant to a patent security agreement or copyright security agreement, as the case may be, in form and substance satisfactory to the Collateral Agent, executed by the Company and filed on the date hereof, pursuant to which all of the Company's right, title and interest to such Patents and Copyrights are assigned to the Collateral Agent for the benefit of the Secured Parties; (ii) take and practice, use or sell the Patents and Copyrights; (iii) direct the Company to refrain, in which event the Company shall refrain, from practicing the Patents and using the Copyrights directly or indirectly; and the Company shall execute such other and further documents as the Collateral Agent may request further to confirm this and to transfer ownership of the Patents and Copyrights to the Collateral Agent for the benefit of the Secured Parties.

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ARTICLE 5

SPECIAL PROVISIONS CONCERNING EQUIPMENT AND INSTRUMENTS

5.1 Instruments. If the Company owns or acquires any Instrument, the Company shall within ten (10) days either: (i) deliver or pay over or otherwise credit to the account of the Collateral Agent such Instrument; or (ii) notify the Collateral Agent and upon the request of the Collateral Agent or the other Secured Parties promptly deliver such Instrument to the Collateral Agent appropriately endorsed to the order of the Collateral Agent as further security hereunder.

5.2 Equipment. If the Company acquires any Equipment covered by a certificate of title, the Company shall list the Collateral Agent as the lienholder of such certificate of title on behalf of the Secured Parties and within sixty (60) days of the acquisition thereof deliver evidence of the same to the Collateral Agent.

ARTICLE 6

PROVISIONS CONCERNING ALL COLLATERAL

6.1 Protection of the Collateral Agent's Interests. The Company will do nothing to impair the rights of the Collateral Agent or the other Secured Parties in the Collateral; provided, however, that nothing in this Section 6.1 or elsewhere in this Agreement shall prevent the Company, prior to the exercise by the Collateral Agent of any such rights, from undertaking the Company's operations in the ordinary course of business in accordance with the Transaction Documents. The Company assumes all liability and responsibility in connection with the Collateral and the liability of the Company with respect to the Secured Obligations shall in no way be affected or diminished by reason of the fact that any Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to the Company.

6.2 Further Actions. The Company will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Collateral Agent and the other Secured Parties from time to time such lists, descriptions and designations of Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, Financing Statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments, and take such further steps relating to the Collateral and other property or rights covered by the interests hereby granted which the Collateral Agent deems reasonably appropriate or advisable to perfect, preserve or protect its ownership and security interests in the Collateral.

6.3 Financing Statements. The Company agrees to sign and deliver to the Collateral Agent and the other Secured Parties such Financing Statements (or similar statements or instruments of registration under the law of any jurisdiction), in form acceptable to the Collateral

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Agent, as the Collateral Agent may from time to time reasonably request or as are necessary or desirable in the reasonable opinion of the Collateral Agent to establish and maintain the security interests contemplated hereunder as valid, enforceable, first priority security interests as provided herein (subject only to Permitted Liens) and the other rights and security contemplated herein, all in accordance with the Uniform Commercial Code as enacted in any and all relevant jurisdictions or any other applicable law. The Company will pay any applicable filing fees and related expenses. The Company authorizes the Collateral Agent to file any such Financing Statements without the signature of the Company.

ARTICLE 7

REMEDIES UPON OCCURRENCE OF AN EVENT OF DEFAULT

7.1 Events of Default; Obtaining the Collateral Upon an Event of Default. If an Event of Default has occurred and is continuing, the Collateral Agent, acting pursuant to the Collateral Agency Agreement, in addition to its other rights and remedies hereunder, and the rights of the Secured Parties under the Transaction Documents, shall be entitled to do any of the following:

(a) exercise any rights or remedies granted to a secured party under the Uniform Commercial Code as in effect in any relevant jurisdiction or under any other relevant law to enforce this Agreement and the security interests contained herein;

(b) proceed to protect and enforce the rights vested in it by this Agreement, including, but not limited to, the right to substitute itself or any of its nominees or trustees in lieu of the Company, to cause all revenues hereby pledged as security and all other moneys pledged hereunder to be paid directly to it, and to enforce its rights hereunder to such payments and all other rights hereunder by such appropriate judicial proceedings as it shall deem most effective to protect and enforce any of such rights, either at law or in equity or otherwise, whether for specific enforcement of any covenant or agreement contained in any of the Contracts, or in aid of the exercise of any power therein or herein granted, or for any foreclosure hereunder and sale under a judgment or decree in any judicial proceeding, or to enforce any other legal or equitable right vested in it by this Agreement or by law whether in Company's name, in the Collateral Agent's name or in the name of the Collateral Agent's designees;

(c) cause any action at law or suit in equity or other proceeding to be instituted and prosecuted to collect or enforce any of the Secured Obligations or any rights hereunder or included in the Collateral, or enforce or to foreclose any other agreement or other instrument by or under or pursuant to which such Secured Obligations are issued or secured, subject in each case to the provisions and requirements thereof;

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(d) sell, assign or otherwise liquidate any or all of the Collateral or cause the Collateral to be sold or otherwise disposed of and take possession of the proceeds of any such sale or liquidation;

(e) incur reasonable expenses, including reasonable attorneys' fees, consultants' fees and other costs appropriate to the exercise of any right or power under this Agreement;

(f) perform any obligation of the Company hereunder or under any other Transaction Document, and make payments, purchase, contest or compromise any encumbrance, charge or Lien, and pay taxes and expenses, without, however, any obligation so to do;

(g) take possession of the Collateral and render it usable, and repair and renovate the same, without, however, any obligation so to do, and enter upon any location where the same may be located, control, manage, operate, rent or lease the Collateral, collect all rents and income from the Collateral and apply the same to reimburse the Secured Parties for any cost or expenses incurred hereunder or under any of the Transaction Documents and to the payment or performance of Company's obligations hereunder or under any of the Transaction Documents and apply the balance to the Secured Obligations;

(h) secure the appointment of a receiver of the Collateral or any part thereof; or

(i) take possession of the Collateral or any part thereof by directing the Company in writing to turn over the Collateral to the Collateral Agent at any reasonable place or places designated by the Collateral Agent, in which event the Company shall at its own expense

(i) forthwith cause the same to be moved to the place or places so designated by the Collateral Agent and there delivered to the Collateral Agent,

(ii) store and keep any Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral Agent, and

(iii) while Collateral shall be so stored and kept, provide such guards and maintenance services as shall be reasonably necessary to protect the same and to preserve and maintain them in good condition.

The parties hereto hereby agree that the Company's obligation to deliver the Collateral as set forth above is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by the Company of such obligation.

7.2 Remedies; Disposition of the Collateral.

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(a) If an Event of Default has occurred and is continuing, any Collateral, whether or not repossessed by the Collateral Agent pursuant to Section 7.1, may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Collateral Agent may, in compliance with any mandatory requirements of any applicable law and acting pursuant to the Collateral Agency Agreement, determine to be commercially reasonable, as fully and completely as though the Collateral Agent were the absolute owner thereof.

(b) Subject to subsection (a) of this Section 7.2, any Collateral may, upon the occurrence and during the continuance of an Event of Default, be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Collateral Agent or after any overhaul or repair which the Collateral Agent, upon consultation with such Persons, including independent consultants and engineers, as it shall deem appropriate, shall determine to be commercially reasonable. Any such disposition shall be made upon not less than ten (10) Business Days' written notice to the Company specifying the time such disposition is to be made and, if such disposition shall be a public sale, specifying the place of such sale. Any such sale may be adjourned 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. The Company hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which Collateral may have been sold at a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Collateral Agent accepts the first offer received or does not offer the Collateral to more than one offeree. All fees of the Collateral Agent and all expenses (including court costs and reasonable attorneys' fees, expenses and disbursements) of, or incident to, the enforcement of any of the provisions hereof shall be recoverable from the proceeds of the sale or other disposition of the Collateral.

(c) The Collateral Agent may dispose of the Collateral under subsection (b) of this Section 7.2 without giving any warranties as to the Collateral. The Collateral Agent may disclaim warranties relating to title, possession, quiet enjoyment, and the like. Such a disclaimer will not affect the commercial reasonableness of such disposition.

(d) The Collateral Agent will comply with any applicable state or federal law requirements in connection with the disposition of the Collateral under subsection (b) of this Section 7.2. Such a compliance will not affect the commercial reasonableness of such disposition.

7.3 Purchase of the Collateral. The Collateral Agent may be a purchaser of the Collateral or any part thereof or any right or interest therein at any sale thereof, whether pursuant to foreclosure, power of sale or otherwise hereunder and the Collateral Agent may apply the purchase price to the payment of the Secured Obligations. Any purchaser of all or any part of the Collateral shall, upon any such purchase, acquire good title to the Collateral so purchased, free of the security interests created by this Agreement.

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7.4 Special Provisions Concerning Contracts. (a) If any default by the Company under any Contract that has given rise to an Event of Default shall occur and be continuing, the Collateral Agent shall in accordance with Section 7.1 be permitted (but shall not be obligated) to remedy any such default by giving written notice of such intent to the Company and to the parties to the Contract or Contracts for which the Collateral Agent intends to remedy the default. Any cure by the Collateral Agent of the Company's default under any of the Contracts shall not be construed as an assumption by the Collateral Agent or any Secured Party of any obligations, covenants or agreements of the Company under such Contract, and neither the Collateral Agent nor any Secured Party shall be liable to the Company or any other Person as a result of any actions undertaken by the Collateral Agent in curing or attempting to cure any such default, except in the case of the gross negligence or willful misconduct of the Collateral Agent. This Agreement shall not be deemed to release or to affect in any way the obligations of the Company under the Contracts.

(b) Upon the occurrence of any Event of Default and continuance thereof, the Collateral Agent shall have the rights set forth in Article 9 of the UCC and shall be entitled to (i) enforce all remedies, rights, powers and privileges of the Company under any or all of the Contracts, and/or (ii) to the extent permitted by the terms of such Contracts, substitute itself or any nominee or trustee of the Collateral Agent in lieu of the Company as party to any of the Contracts and notify the obligor of any Contract Right (the Company hereby agreeing to deliver any such notice at the request of the Collateral Agent) that all payments and performance under the relevant Contract shall be made or rendered to the Collateral Agent or such other Person as the Collateral Agent may designate.

7.5 Waiver.

(a) EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, THE COMPANY HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL AGENT'S TAKING POSSESSION OR THE COLLATERAL AGENT'S DISPOSITION OF ANY OF THE COLLATERAL PURSUANT TO THE TERMS OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH THE COMPANY WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE OR UNDER ANY OTHER RELEVANT LAW AND THE COMPANY HEREBY FURTHER WAIVES:

(i) all damages occasioned by such taking of possession except any damages which are finally judicially determined to have been the direct result of the Collateral Agent's gross negligence or willful misconduct;

(ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder;

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(iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable Law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof pursuant to the terms of this Agreement, and the Company, for itself and all who may claim under it, insofar as it or they may now or hereafter lawfully do so, hereby waives the benefit of such laws; and

(iv) any right the Company may have to require the Collateral Agent to pursue any other Person for any of the Secured Obligations.

(b) Without limiting the generality of the foregoing, the Company hereby waives and releases any and all rights to require the Collateral Agent or the Secured Parties to collect any of the Secured Obligations from any specific item or items of Collateral or from any other party liable as guarantor or in any other manner in respect of any of the Secured Obligations or from any collateral (other than the Collateral) for any of the Secured Obligations.

(c) Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral pursuant to the terms of this Agreement shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Company therein and thereto, and shall be a perpetual bar both at law and in equity against the Company and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Company.

7.6 Discontinuance of Proceedings. In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, then, in every such case, the Company, the Collateral Agent and each holder of any of the Secured Obligations shall be restored to their former positions and rights hereunder with respect to the Collateral, subject to the security interest created under this Agreement, and all rights, remedies and powers of the Collateral Agent shall continue as if no such proceeding had been instituted.

7.7 Limitation on Duties Regarding Preservation of Collateral. The Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. In any event, (i) the Collateral Agent shall have no obligation hereunder to take any steps to preserve rights against prior parties to any Collateral and (ii) the Collateral Agent, any Secured Party and any of their respective directors, officers, employees or agents shall not be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Company or otherwise.

7.8 Application of Proceeds. The Collateral Agent shall apply any proceeds from time to time held by it and the net proceeds of any collection, recovery, receipt, appropriation,

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realization or sale with respect to the Collateral in accordance with the Collateral Agency Agreement. For the avoidance of doubt, it is understood that the Company shall remain liable to the extent of any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the Secured Obligations. If the Company is entitled to any portion of the proceeds and if the Collateral Agent disposed of the Collateral on credit, the Company will only be credited with the payments (a) actually made by the purchaser, (b) received by the Collateral Agent, and (c) applied to the indebtedness of such purchaser. If such purchaser fails to pay, the Collateral Agent may resell the Collateral and the Company shall be credited with the proceeds of the resale. If the Company is entitled to any portion of the proceeds and the Collateral Agent disposed of the Collateral for non-cash consideration, the Company will only be credited with payments received as cash proceeds of non-cash consideration.

ARTICLE 8

MISCELLANEOUS

8.1 Notices.

Except as otherwise expressly provided herein, (i) all notices and other communications provided for hereunder shall be provided in writing (including telegraphic, telex, facsimile or cable communication) and shall be sent by telecopy, telex, telegraph or cable with the original of such communication dispatched by (if inland) overnight or (if overseas) international courier and, if such courier service is not available, by registered airmail (or, if inland, registered first-class mail) with postage prepaid and shall be addressed:

(a) in the case of the Company, to:

KuryAkyn Holdings, Inc.
220 Cedar Drive West
Hudson, Wisconsin 54016
Attn: Thomas Rudd
Phone: _____
Fax: (715) 386-5276

(b) in the case of the Collateral Agent, to:

The Prudential Insurance Company of America
c/o Prudential Capital Group - Corporates
Four Embarcadero Center, Suite 2700
San Francisco, California 94111
Att: Managing Director
Phone: (415) _____

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or at such other address as shall be designated by such Person in a written notice to the other parties hereto, and (ii) all such notices and communications shall, when mailed, telegraphed, telexed, telecopied, cabled or sent by overnight or international courier, be effective seven (7) days after being deposited in the mails in the manner as aforesaid, when delivered to the telegraph company or cable company (if inland), two (2) Business Days or (if overseas) three (3) Business Days after delivery to a courier in the manner as aforesaid, as the case may be, or when sent by telex (with the correct answer back) or telecopier (after confirmation of receipt).

8.2 Continuing Security Interest. This Agreement shall create a continuing Lien in the Collateral until the release thereof pursuant to Section 8.3.

8.3 Release. Upon the Termination Date, the Collateral Agent, upon the request, and at the expense, of the Company, shall execute and deliver all such documentation necessary to release the Liens created pursuant to this Agreement. In addition, the Collateral Agent, upon the request, and at the expense, of the Company, shall execute and deliver all such documentation necessary to release the Liens created pursuant to this Agreement with respect to Collateral sold, assigned or otherwise disposed of by the Company pursuant to paragraph 6G of the Note Agreement.

8.4 Reinstatement. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by the Collateral Agent or any Secured Party hereunder or pursuant hereto is rescinded or must otherwise be restored or returned by the Collateral Agent or such Secured Party, as the case may be, upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or upon the appointment of any intervener or conservator of, or trustee or similar official for, the Company or any substantial part of the Company's assets, or upon the entry of an order by any court avoiding the payment of such amount, or otherwise, all as though such payments had not been made.

8.5 Independent Security. The security provided for in this Agreement shall be in addition to and shall be independent of every other security which the Secured Parties may at any time hold for any of the Secured Obligations hereby secured, whether or not under the Collateral Documents. The execution of any other Collateral Document shall not modify or supersede the security interest or any rights or obligations contained in this Agreement and shall not in any way affect, impair or invalidate the effectiveness and validity of this Agreement or any term or condition hereof. The Company hereby waives its rights to plead or claim in any court that the execution of any other Collateral Document is a cause for extinguishing, invalidating, impairing or modifying the effectiveness and validity of this Agreement or any term or condition contained herein. The Collateral Agent shall be at liberty to accept further security from the Company or from any third party and/or release such security without notifying the Company and without affecting in any way the obligations of the Company under the Collateral Documents or the other Transaction Documents.

8.6 Amendments. No waiver, amendment, modification or termination of any provision of this Agreement, or consent to any departure by the Company therefrom, shall in any

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event be effective without the prior written consent of the Collateral Agent. None of the Collateral shall be released without the prior written consent of the Collateral Agent. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

8.7 Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of the Collateral Agent and the other Secured Parties and their respective successors and assigns and all other Persons who become bound as a debtor to this Agreement. The Company may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Collateral Agent, the Required Holder(s) of the Term Notes and the Required Holder(s) of the Revolving Notes.

8.8 Survival. All agreements, statements, representations and warranties made by the Company herein or in any certificate or other instrument delivered by the Company or on its behalf under this Agreement shall be considered to have been relied upon by the Collateral Agent and the Secured Parties and shall survive the execution and delivery of this Agreement and the other Transaction Documents until termination thereof or indefeasible payment in full in cash or cash equivalents of all of the Secured Obligations regardless of any investigation made by the Collateral Agent or the Secured Parties, or made on their behalf.

8.9 No Waiver; Remedies Cumulative. No failure or delay on the part of the Collateral Agent in exercising any right, power or privilege hereunder and no course of dealing between the Company and the Collateral Agent shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Collateral Agent would otherwise have.

8.10 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

8.11 Headings Descriptive. The headings of the several Sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

8.12 Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

8.13 Governing Law; Submission to Jurisdiction and Venue.

TRADEMARK
REEL: 2429 FRAME: 0439

(a) **Applicable Law.** THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS AGREEMENT TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH, OR THE RIGHTS OF THE PARTIES TO BE GOVERNED BY, THE LAWS OF ANY OTHER JURISDICTION).

(b) **Consent to Jurisdiction**. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN THE BOROUGH OF MANHATTAN, STATE OF NEW YORK, OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE COMPANY HEREBY IRREVOCABLY ACCEPTS, UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS WITH RESPECT TO ANY SUCH ACTION OR PROCEEDING. THE COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT ITS ADDRESS PROVIDED IN SECTION 8.1, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY HOLDER OF A NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ANY OTHER JURISDICTION. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN ANY OF THE AFORESAID COURTS AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

8.14 Indemnities and Expenses. The obligation of the Company to pay the costs and expenses of, and to indemnify, defend and hold harmless, the Collateral Agent and the Secured Parties under and in connection with this Agreement shall be as provided in Section 11 of the Collateral Agency Agreement as in effect as of the date hereof. No amendment to such Section 11 or termination of the Collateral Agency Agreement shall affect the provisions of this Section 8.14 unless such amendment or termination shall have been consented to by the Secured Parties in accordance with the Collateral Agency Agreement.

8.15 Entire Agreement. This Agreement, together with any other agreement executed in connection herewith, including the Transaction Documents and the other documents referred to herein and therein, is intended by the parties as a final expression of their agreement as to the matters covered hereby and is intended as a complete and exclusive statement of the terms and conditions thereof.

TRADEMARK
REEL: 2429 FRAME: 0440

8.16 Recourse. There shall be full recourse to the Company and all of its assets and properties for the liabilities of the Company under this Agreement, the Notes and the other Transaction Documents.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]

TRADEMARK
REEL: 2429 FRAME: 0441

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Security Agreement as of the day and year first above written.

KURYAKYN HOLDINGS, INC.

By:_____
Name:_____
Title:_____

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, as Collateral Agent

By:_____
Name: _____
Title: Vice President

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Security Agreement as of the day and year first above written.

KURYAKYN HOLDINGS, INC.

By:_____
Name:_____
Title:_____

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, as Collateral Agent

By:_____
Name: _____
Title: Vice President

APPENDIX A
TO
SECURITY AGREEMENT

CHIEF EXECUTIVE OFFICE

KuryAkyn Holdings, Inc.
454 Highway 35
Somerset, Wisconsin 54025

APPENDIX B
TO
SECURITY AGREEMENT

LEGAL NAME AND STATE OF ORGANIZATION

KuryAkyn Holdings, Inc., a Wisconsin corporation

APPENDIX C
TO
SECURITY AGREEMENT

INVENTORY AND EQUIPMENT LOCATIONS

1. 454 Highway 35
   Somerset, Wisconsin 54025

APPENDIX D
TO
SECURITY AGREEMENT

LIST OF MARKS

Registered Trademarks:	"ISO" No. 1,669,350 "KURYAKYN USA" No. 1,963,632
Claimed Trademarks:	"Throttle Boss"
	"Ring of Fire"
	"Pilot Grips"
	"Magnum Mirrors and Quick Clamps"
	"Fork Skins:
	"Brace Face"
	"Silver Bullets"
	"Neo Pods and Pads"
	"Panacea"
	"Hot Flash"
	"Stirrups"
	"Chrome Mustache"
	"Scorpions"
	"Lazer Nodes"
	"Hypercharger"
	"Twin Velocity"
	"Ergo"
	"Toe Riders"

"Transformer Floorboards"

"Blaster"

"Convertible"

"Lazer Spoke Covers"

APPENDIX E
TO
SECURITY AGREEMENT

LIST OF TRADE SECRET RIGHTS AND PATENTS

Dyna Motor Mount Fairing
Patent No. 416,227

3-Piece Clamp
Patent No. 411,440

XL MAster Cylinder Cover
Patent No. 409,119

Motorcycle Foot Peg
Patent No. 405,393

Front Caliper Cover With Grooves
Patent No. 397,698

Flush Mount Gas Cap
Patent No. 400,432

ISO Handlebar Grip
Patent No. 411,432

Heelrest for Motorcycles
Patent No. 338,643

Motorcycle Coil Cover
Patent No. 346,140

Illuminating Badge
Patent No. ~~327,805(?)~~
327,863

Spark Plug Cover
Patent No. 340,440

Lighted Flag Holder
Patent No. 342,845

Motorcycle Frame Cover

Patent No. 349,266

Cover for a Master Cylinder Cover
Patent No. 350,315

Motorcycle Air Cleaner
Patent No. 340,513

Motorcycle Air Cleaner
Patent No. 5,307,771 (?)

Oil Sender Unit Cover
Patent No. 352,258

Motorcycle Point Cover
Patent No. 348,676

ISO Stirrups
Taiwan Patent

Motorcycle Taillight Cover
Patent No. 347,907

Motorcycle Taillight Assembly
Patent No. 321,947

Flush Mount Gas Cap
Foreign License

APPENDIX F
TO
SECURITY AGREEMENT

LIST OF COPYRIGHTS

None.