

03-25-2002

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

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

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

1. Name of conveying party(ies):

Browning Arms Company (aka Browning)

3-6-02

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

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: December 14, 2001

2. Name and address of receiving party(ies)

Name: Wells Fargo Bank, N.A., as agent

Internal Address:

Street Address: 2404 Washington Blvd., 3rd Floor

City: Salt Lake City State: UT Zip: 84401

- Individual(s) citizenship Association U.S. National General Partnership Limited Partnership Corporation-State Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

0,283,189

Additional number(s) attached Yes No

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

Name: Lester K. Essig

Internal Address: Ray, Quinney & Nebeker

Street Address: 36 South State Street, Suite 1400

City: Salt Lake City State: UT Zip: 84111

6. Total number of applications and registrations involved:

1

7. Total fee (37 CFR 3.41) \$ 40

- 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.

Lester K. Essig

Name of Person Signing

Signature

February 21, 2002

Date

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

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

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SUBSIDIARIES' SECURITY AGREEMENT

SECURITY AGREEMENT (this "**Agreement**") dated as of December 14, 2001 among BROWNING MANUFACTURING COMPANY, a Utah corporation ("BMC"), BROWNING ARMS COMPANY, a Utah corporation ("BAC"), BROWNING CANADA SPORTS LTD./LTIE, a Canadian corporation ("BCS"), and each direct or indirect Subsidiary of Browning, a Utah corporation (the "Borrower") (BMC, BAC and BCS and any other subsidiary that may from time to time become a party hereto shall be referred to individually as a "**Debtor**" and collectively as the "**Debtors**") and WELLS FARGO BANK, N.A., a banking corporation organized and existing under the laws of the United States, in its capacity as agent (in said capacity, together with any successor thereto in said capacity, herein called the "Agent") for the Lenders (the "**Lenders**") and Issuing Bank (the "**Issuing Bank**") from time to time party to the Credit Agreement referred to below (the Agent, the Lenders and the Issuing Bank will sometimes be referred to collectively as the "**Creditors**").

RECITALS:

- A. The Borrower, the Lenders, the Issuing Bank and the Agent have entered into a Revolving Credit Facility Agreement dated as of December 14, 2001, as it may be amended, restated, supplemented or otherwise modified from time to time (the "**Credit Agreement**").
- B. The Debtors have guaranteed the obligations of the Borrower under the Credit Agreement pursuant to a Subsidiaries' Guarantee dated December 14, 2001.
- C. The execution and delivery of this Subsidiaries' Security Agreement constitutes a condition precedent to the effectiveness of the Credit Agreement.
- D. The Borrower finances the operations of the Debtors and provides various services and other benefits to the Debtors, and accordingly the Debtors will benefit from the execution and delivery of the Credit Agreement by securing access to sources of long-term financing on favorable terms and at favorable rates, and by obtaining other material benefits.

ACCORDINGLY, in consideration of the premises, and in order to induce the Creditors to execute and deliver the Credit Agreement and to extend credit and issue or participate in and maintain Letters of Credit thereunder, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Debtor hereby agrees with the Agent and the other Creditors as follows:

1. Defined Terms. (a) Capitalized terms that are defined in the Credit Agreement and are not otherwise defined herein have the respective meanings given to them in the Credit Agreement and, in addition, the following terms have the following meanings:

“Accounts” means any “account”, as such term is defined in Section 70A-9-102(2) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Chattel Paper” means any “chattel papers”, as such term is defined in Section 70A-9a-102(11) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Collateral” has the meaning specified in Section 2.

“Contracts” means all contracts to which Debtor is, or may at any time hereafter become, a party and all agreements and undertakings of any third parties in favor or for the benefit of a Debtor.

“Contract Rights” means any right of a Debtor to payment under a Contract not yet earned by performance and not evidenced by an Instrument or Chattel Paper, now in existence or hereafter arising (including, without limitation, (i) all rights of such Debtor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of such Debtor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of such Debtor to perform and to exercise all remedies thereunder).

“Copyrights” means all of the following to the extent that a Debtor now has or hereafter acquires any right, title or interest therein: (i) all copyrights in all works, whether published or unpublished, now existing or hereafter created or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Copyrights Office, and (ii) all renewals thereof.

“Copyright Licenses” means any agreement, written or oral, naming a Debtor as licensor or licensee, granting any right to use any Copyright, now in existence or hereafter arising.

“Credit Agreement” has the meaning specified in Recital A.

“Deposit Accounts” means any “deposit account”, as such term is defined in Section 70A-9a-102(29) of the Uniform Commercial Code, now owned or hereafter acquired by the Debtor.

“Documents” means any “documents”, as such term is defined in Section 70A-9a-102(30) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Equipment” means all machinery, equipment and furniture now owned or hereafter acquired by a Debtor or in which a Debtor now has or hereafter may acquire any right, title or interest, and any and all additions, substitutions and replacements thereof, wherever located, together with all attachments, components, parts, equipment and accessories installed therein or affixed thereto, including, but not limited to, all equipment as defined in Section 70A-9a-102(33) of the Uniform Commercial Code.

“Financial Asset” means any “financial asset”, as such term is defined in Section 70A-8-101(1)(i) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Fixtures” means any “fixture”, as such term is defined in Section 70A-9a-102(42) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“General Intangibles” means any “general intangibles”, as such term is defined in Section 70A-9a-102(42) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Goods” means any “goods”, as such term is defined in Section 70A-9a-102(44) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Instrument” means any “instrument”, as such term is defined in Section 70A-9a-102(47) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Intellectual Property” means, collectively, Patents, Patent Licenses, Trademarks, Trademark Licenses, Copyrights and Copyright Licenses.

“Inventory” means all inventory, wherever located, now owned or hereafter acquired by a Debtor or in which a Debtor now has or hereafter may acquire any right, title or interest, including, without limitation, all goods and other personal property now or hereafter owned by such Debtor which are held for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in such Debtor’s business, or in the processing, packaging or shipping of the same, and all finished goods, including, but not limited to, all inventory as defined in Section 70A-9a-102(48) of the Uniform Commercial Code.

“Investment Property” means any “investment property”, as such term is defined in Section 70A-9a-102(49) of the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

“Leases” means all leasehold interests held by a Debtor.

“Letter-of-Credit Rights” means any “letter-of-credit right”, as such term is defined in Section 70A-9a-102(5) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Licenses” and **“Licensing Agreements”** means the Patent Licenses, the Copyright Licenses and the Trademark Licenses.

“Patents” means (i) all patents and patent applications and the inventions and improvements described and claimed therein, and all patentable inventions, now owned or hereafter acquired or obtained by a Debtor, (d) all registrations and recordings thereof, whether in the United States Patent and Trademark Office or in any similar office or agency of the United

States, any State thereof or any other country or any political subdivision thereof, or otherwise, (iii) all reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, (iv) all income, royalties, damages or payments now and hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing, (v) the right to sue for past, present and future infringements of any of the foregoing throughout the world, and (vi) all rights and obligations pursuant to any Patent License with respect thereto, whether such Debtor is a licensor or licensee under any such Patent License, and, subject to the terms of such licenses, the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter owned by such Debtor and now or hereafter covered by such licenses.

“Patent License” means any agreement, written or oral, providing for the grant by or to a Debtor of any right to use any Patent, now in existence or hereafter arising.

“Proceeds” means (i) all “proceeds”, as such term is defined in Section 70A-9a-102(64) of the Uniform Commercial Code, and (ii) to the extent not included in such definition, (1) any and all proceeds of any insurance, indemnity, warranty, guaranty or letter of credit payable to a Debtor from time to time with respect to any of the Collateral, (2) all payments (in any form whatsoever) paid or payable to any Debtor from time to time in connection with any taking of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), (3) all judgments in favor of a Debtor in respect of the Collateral, (4) any claim of a Debtor against third parties for past, present or future infringement or dilution of any Patent or Patent License Trademark or Trademark License, Copyright or Copyright License and (5) all other amounts from time to time paid or payable or received or receivable under or in connection with any of the Collateral.

“Receivables” means all Accounts, accounts receivable, book debts, notes, drafts, instruments, documents, acceptances and other forms of obligations now owned or hereafter received or acquired by or belonging or owing to a Debtor (including, without limitation, under any trade names, styles or divisions thereof), whether arising out of goods sold by such Debtor or services rendered by it or from any other transaction, whether or not the same involves the sale of goods or performance of services by such Debtor (including, without limitation, any such obligation which would be characterized as an account, general intangible or chattel paper under the Uniform Commercial Code) and all of such Debtor’s rights in, to and under all purchase orders now owned or hereafter received or acquired by it for goods or services, and all of such Debtor’s rights to any goods represented by any of the foregoing (including returned or repossessed goods and unpaid seller’s rights) and all moneys due or to become due to a Debtor under all contracts for the sale of goods and/or the performance of services by it (whether or not yet earned by performance) or in connection with any other transaction, now in existence or hereafter arising, including without limitation the right to receive the proceeds of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any person or entity with respect to any of the foregoing.

“Supporting Obligations” means any “supporting obligation”, as such term is defined in Section 70A-9a-102(77) of the Uniform Commercial Code, now owned or hereafter acquired by a Debtor.

“Trademarks” means (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired by a Debtor, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and (ii) all renewals thereof.

“Trademark Licenses” means any agreement, written or oral, providing for the grant by or to a Debtor of any right to use any Trademark, now in existence or hereafter arising.

“Uniform Commercial Code” means the Utah Uniform Commercial Code as may be amended.

“Vehicles” means all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state, in which a Debtor has or hereafter acquires any right, title or interest, and all tires and other appurtenances to any of the foregoing.

(b) Unless otherwise expressly specified herein, defined terms denoting the singular number shall, when in the plural form, denote the plural number of the matter or item to which such defined terms refer, and vice-versa.

(c) Words of the neuter gender mean and include correlative words of the masculine and feminine gender.

(d) The Section and Schedule headings used in this Agreement are for convenience only and shall not affect the construction or meaning of any provisions of this Agreement.

(e) Unless otherwise specified, the words **“hereof, “herein”, “hereunder”** and other similar words refer to this Agreement as a whole and not just to the Section, subsection or clause in which they are used; and the words **“this Agreement”** refer to this Security Agreement, as amended, modified or supplemented from time to time.

(f) Unless otherwise specified, references to Sections, Recitals and Schedules are references to Sections of, and Recitals and Schedules to, this Agreement.

2. (A) Security Interest. As security for the due and punctual payment and performance of the Obligations, each Debtor hereby pledges and assigns to the Agent for the ratable benefit of the Creditors, and hereby grants to the Agent for the ratable benefit of the Creditors a first priority lien upon and a continuing first priority security interest in, all personal property and fixtures of such Debtor, whether now owned or hereafter acquired by such Debtor

and wherever located and whether now existing or hereafter arising or created (all such property and assets are herein collectively called the “**Collateral**”), including, without limitation, the following

- (a) all Receivables of such Debtor;
- (b) all Inventory of such Debtor;
- (c) all Equipment of such Debtor, including, without limitation, all Vehicles of such Debtor (subject to any perfected purchase money security interest in an item of Equipment under Section 70A-9a-324(1) of the Uniform Commercial Code and excluding any Equipment subject to a capital lease which expressly prohibits such Debtor from granting any lien thereon or security interest therein);
- (d) all Contracts and Contract Rights of such Debtor;
- (e) all Instruments and Chattel Paper of such Debtor;
- (f) all General Intangibles of such Debtor, including, without limitation, all Intellectual Property of such Debtor;
- (g) all Investment Property and other Financial Assets of such Debtor
- (h) all Leases of such Debtor;
- (i) all Fixtures of such Debtor;
- (j) all Deposit Accounts of such Debtor;
- (k) all Letter-of-Credit Rights of such Debtor;
- (l) all books and records (including, without limitation, computer programs, tapes and related electronic data processing software) relating to such Debtor’s Receivables, Inventory, Equipment, Contracts, Intellectual Property, Investment Property, Financial Assets and other assets; and
- (m) to the extent not otherwise included, all Supporting Obligations for, and all cash and non-cash Proceeds and products of, any of the foregoing.

2. (B) Security Interest. As security for the due and punctual payment and performance of the Obligations, BCS, as a Debtor, hereby grants to the Agent for the ratable benefit of the Creditors, a hypothec to the extent of \$106,000,000.00 in Canadian currency together with interest thereon at the rate of eighteen percent (18%) per year in the universality of all of the Collateral of BCS, whether now owned or hereafter acquired and whether now existing or hereafter arising or created and situated in the Province of Quebec, Canada (all such property and assets are herein collectively called the “**BCS Quebec Collateral**”), including, without limitation, the following

- (a) all Receivables of BCS;
- (b) all Inventory of BCS;
- (c) all Equipment of BCS, including all its Vehicles;
- (d) all Contracts and Contract Rights of BCS;
- (e) all Instruments and Chattel Paper of BCS;
- (f) all General Intangibles of BCS, including, without limitation, all Intellectual Property of BCS;

(g) all Investment Property and other Financial Assets of BCS;

(h) all Leases of BCS;

(i) all Fixtures of BCS;

(j) all Deposit Accounts of BCS;

(k) all Letter-of-Credit Rights of BCS;

(l) all books and records (including, without limitation, computer programs, tapes and related electronic data processing software) relating to BCS's Receivables, Inventory, Equipment, Contracts, Intellectual Property, Investment Property, Financial Assets and other assets; and

(m) to the extent not otherwise included, all Supporting Obligations for, and all cash and non-cash Proceeds and products of, any of the foregoing.

3. Obligations Absolute. (a) Each Debtor hereby agrees that this Agreement shall be binding upon such Debtor, and the grant to the Agent for the ratable benefit of the Creditors of a security interest in the Collateral hereunder shall be irrevocable and unconditional, irrespective of the validity, legality or enforceability of the Credit Agreement, the Note, any other Loan Document or any of the Obligations, the absence of any action to enforce the same, the waiver or consent by the Agent or any other Creditor with respect to any provision thereof, the recovery of any judgment against any other Person, or any action to enforce the same or any other similar circumstances. Each Debtor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of such Debtor, any notice to require a proceeding first against any other Person, protest or notice with respect to the Note or any other promissory notes or evidences of indebtedness secured hereby or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Agreement will remain in full force and effect so long as such Debtor may borrow under the Credit Agreement or any Obligations remain unpaid.

(b) Each Debtor agrees that, without notice to or further assent by such Debtor, the liability of any other Person for or upon any of the Obligations may, from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised or released by the Agent, as the Agent may deem advisable, and that any other collateral or liens securing any of the Obligations may, from time to time, in whole or in part (subject, in the case of the Collateral, to the provisions of this Agreement), be exchanged, sold or surrendered by the Agent or any other Creditor, as the Agent or Creditors may deem advisable, all without impairing, abridging, affecting or diminishing this Agreement or the rights of the Agent or any Creditor hereunder or with respect to the Collateral.

4. Representations and Warranties. Each Debtor hereby makes the following representations and warranties, which shall be deemed to be repeated and confirmed upon the creation or acquisition by such Debtor of each item of Collateral and upon the creation of any Obligation:

(a) Each Debtor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, has full power and authority to own its properties and to carry on its business as now being conducted, is duly qualified to do business and is in good standing in each jurisdiction in which the character of its properties, the transaction of its business) the location of its Inventory or Equipment, the performance of its obligations under its Contracts, or the collection of any of its Receivables make such qualification necessary and where the failure to be so qualified would have a Material Adverse Effect, and has full power and authority to execute, deliver and perform this Agreement.

(b) Its execution, delivery and performance of this Agreement and the granting of the security interest in the Collateral hereunder (i) have all been duly authorized by all requisite action of such Debtor, (ii) do not require the approval of its stockholders and (iii) will not (1) violate any provision of law, or its certificate of incorporation or by-laws, (2) violate, be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any indenture, agreement or other instrument to which it is a party or by which it or any of its properties is bound, (3) violate any governmental or agency rule or regulation or any order of any court, tribunal or governmental agency or (4) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the Collateral, except for the security interest created by this Agreement and except for any Contract that expressly prohibits the Debtors from granting any lien thereon or security interest therein. Except for any Contract that expressly prohibits the Debtors from granting any lien thereon or security interest therein, no authorizations, approvals and consents of, and no filing and registration with, any governmental or regulatory authority or agency are necessary for the execution, delivery or performance by such Debtor of this Agreement or for the validity or enforceability hereof. No consent of any party to any Contract or any account debtor in respect of any Receivable is required in connection with the execution, delivery and performance of this Agreement or the creation of a security interest in such Contract or Receivable pursuant hereto.

(c) This Agreement constitutes the legal, valid and binding obligation of the Debtors, enforceable against each Debtor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar

laws affecting enforceability of creditors rights generally and except as specific performance may be subject to equitable principles of general applicability. Except for Permitted Liens, this Agreement creates in favor of the Agent for the ratable benefit of the Creditors a valid first priority lien and first priority security interest in the Collateral, enforceable against each Debtor and all third parties and superior in right to all other security interests, liens, encumbrances, or charges, existing or future.

(d) Except for the security interest of the Agent therein, each Debtor is, and as to Collateral acquired from time to time after the date hereof each Debtor will be, the owner of all the Collateral, having good and marketable title thereto, free from any lien, security interest, encumbrance or other right, title or interest of any Person, other than Permitted Liens.

(e) No filing of any financing statements or other instruments and no recording, filing or indexing of this Agreement is necessary or appropriate in order to preserve and protect the liens and security interests created or intended to be created by this Agreement as legal, valid and enforceable perfected liens on and security interests in the Collateral (other than the filing of Uniform Commercial Code Financing Statements with the Utah Department of Commerce, the filing of fixture filings, the filing of a notice in the Register of Personal and Moveable Real Rights in the Province of Quebec, and filings or appropriate assignments with the United States Patent and Trademark Office or the United States Copyright Office with respect to Intellectual Property” of any Debtor, if any).

(f) There is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) now on file or registered in any public office (other than in respect of Permitted Liens) covering any interest of any Debtor in the Collateral, or intended so to be, and so long as the Credit Agreement is in effect or any of the Obligations remain unpaid no Debtor will execute, and will not permit the filing or the continued existence on file of any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) relating to the Collateral in any public office, except financing statements filed or to be filed with respect to the security interest granted hereunder to the Agent for the ratable benefit of the Creditors or with respect to Permitted Liens.

(g) The originals of all documents (as well as all duplicates thereof) evidencing or relating to the Receivables, Contracts, Leases, Intellectual Property, Investment Property and other Financial Assets and the only original books of account and records of each Debtor relating thereto are kept at the office or offices specified in Schedule I. All Inventory and Equipment are held on the date hereof at the locations specified in Schedule II.

(h) The name of each Debtor set forth in the preamble hereto is correct. No Debtor is currently doing, and has not at any time during the five years immediately preceding the date hereof done, business under any trade name or other assumed name. During the five years immediately preceding the date hereof no Debtor has had any name other than its present name. No Debtor has merged or consolidated with any other entity during the five years immediately preceding the date hereof.

(i) None of the Collateral constitutes farm products (as such term is defined in Section 70A-9a-102(34) of the Uniform Commercial Code) or the Proceeds thereof.

(j) None of the account debtors on any Receivables, and none of the parties to any Contracts, is a governmental entity.

(k) To each Debtor's knowledge, the information, schedules, exhibits and reports furnished by each Debtor or each Debtor to the Agent in connection with the negotiation and preparation of this Agreement did not contain any omissions or misstatements of fact which would make the statements contained therein misleading or incomplete in any material respect.

5. Covenants. (a) At all reasonable times upon reasonable notice the Agent shall have full access to, and the right to audit, check, inspect and make abstracts and copies of, each Debtor's books, records, audits, correspondence and all other papers and computer tapes and programs relating to the Collateral. The Agent shall have the right to confirm and verify the Receivables and other Collateral and to do whatever the Agent may deem necessary to protect the Creditors' interests and each Debtor shall furnish such assistance and information as the Agent may require in connection therewith. The Agent may enter from time to time the premises of any Debtor at any reasonable time during business hours for the purpose of inspecting the Collateral and any and all records pertaining thereto.

(b) Each Debtor will keep the Collateral, at its own expense, in customary good repair and condition, and will not misuse, abuse or waste the Collateral or allow the Collateral to deteriorate (or permit any of the foregoing), except for normal wear and tear, and will make the Collateral available for inspection by the Agent at all reasonable times upon reasonable notice during business hours.

(c) The Debtors will comply in all material respects with all acts, rules, regulations, orders, decrees and directions of any governmental authority applicable to the Collateral or any part thereof or to the operation of its business; provided, however, that any Debtor may contest any act, regulation, order, decree or direction in any reasonable manner which shall not in the reasonable opinion of the Agent adversely affect the Creditors' rights or the first priority of the Creditors' security interest in the Collateral.

(d) Each Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including claims for labor, materials and supplies), except that no such charge need be paid if (i) the validity thereof is being contested by any Debtor in good faith by appropriate proceedings, (ii) such proceedings do not involve, in the reasonable opinion of the Agent, any danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against in accordance with generally accepted accounting principles.

(e) The Debtors will not create, permit or suffer to exist and will defend the Collateral against, and take such other action as is necessary to remove, any lien, security interest or encumbrance on the Collateral, other than Permitted Liens, and each Debtor will defend the

right, title and interest of the Creditors in and to any of the Debtors' rights to the Collateral against the claims and demands of all Persons whomsoever claiming an interest therein adverse to the Creditors, other than holders of Permitted Liens.

(f) The Debtors will advise the Agent promptly, in reasonable detail, of (i) any security interest, lien or encumbrance placed on or asserted against any of the Collateral, (ii) any material change in the composition of the Collateral and (iii) the occurrence of any other event which would have a material effect on the aggregate value of the Collateral or on the security interest created by any Debtor hereunder.

(g) No Debtor will change the location specified in Section 4(g) of where records concerning its Receivables, Contracts, Leases, Intellectual Property, Investment Property or other Financial Assets are kept, will not keep Inventory or Equipment at any location other than the location specified in Schedule II, and will not change its name, identity, corporate structure or jurisdiction of incorporation, until, in each case, (i) such Debtor shall have given to the Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new location, name, identity, jurisdiction of incorporation or corporate structure and providing such other information in connection therewith as the Agent may reasonably request, and (ii) such Debtor shall have taken such other actions satisfactory to the Agent, as are necessary to maintain the security interest of the Agent and the Creditors in the Collateral at all times senior and fully perfected and in full force and effect.

(h) Each Debtor will maintain each Vehicle, if any, in good operating condition, ordinary wear and tear excepted, and will provide all maintenance, service and repairs necessary for such purpose. No Vehicle shall be removed from the state which has issued the certificate of title or ownership therefor for a period in excess of four months. With respect to each Vehicle, if any, now owned by any Debtor, within 15 days of the date hereof, and, with respect to any Vehicles acquired by any Debtor subsequent to the date hereof, within 15 days after the date of acquisition thereof, all applications for certificates of title or ownership indicating the Creditors' first priority security interest on the Vehicle covered by such certificate, and any other necessary documentation, shall be filed in each jurisdiction which the Agent shall deem advisable to perfect its security interests in the Vehicles.

(i) Each Debtor will furnish to the Agent within ten (10) days after any request therefor by the Agent, statements (prepared by such Debtor or, if the Agent so requires, by independent public accountants satisfactory to the Agent in form, substance and detail satisfactory to the Agent) of all Receivables of such Debtor (showing reconciliations, aging and test verifications thereof and trial balances therefor), itemized by the account debtor, and of the location (and aggregate book value at each such location) of all Inventory of each Debtor, each such statement to be certified by its chief financial officer, and, promptly from time to time, such other information as the Agent may reasonably request regarding the Collateral and its operations, business, affairs and financial condition.

(j) No Debtor will sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, except as permitted by Section 6.14 of the Credit Agreement.

(k) Each Debtor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Agent from time to time such lists, descriptions, schedules, invoices, warehouse receipts, bills of confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurance or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted by it, as the Agent in its reasonable judgment deems appropriate or advisable to perfect, preserve or protect its security interest in the Collateral.

6. Special Provisions Concerning Receivables. (a) As of the time when any Receivable arises, each Debtor shall be deemed to have warranted as to such Receivable that such Receivable and all papers and documents relating thereto are genuine and in all respects what they purport to be, and that each such Receivable (i) will represent the genuine, legal, valid and binding obligation of the account debtor thereon for the unpaid amount owed by such account debtor for the sale and delivery by such Debtor of the goods, or the performance by such Debtor of the services, listed therein, (ii) will be the only original writings evidencing and embodying such obligation of the account debtor named therein, (iii) will evidence true and undisputed obligations, enforceable in accordance with their respective terms and not subject to any defenses, set-offs or counterclaims known to any Debtor, or stamp or other taxes, except as shall be disclosed to the Agent, and (iv) will be, to the best knowledge of each Debtor, in compliance and will conform with all applicable federal, state and local laws and applicable laws of any relevant foreign jurisdiction. Each Debtor shall use its best efforts to take all steps necessary to preserve the liability of each account debtor, guarantor, endorser, obligor secondary party on or with respect to the Receivables.

(b) Each Debtor will keep and maintain, at its own expense, satisfactory and complete records of the Receivables, including, but not limited to, records of all payments received, all credits granted thereon, all merchandise returned and all other dealings therewith, and each Debtor will make the same available to the Agent, at such Debtor's expense, at any and all reasonable times upon demand of the Agent. At the request of the Agent, each Debtor shall legend, in form and manner satisfactory to the Agent, its Receivables and its books, records and documents evidencing or pertaining to its Receivables with an appropriate reference to the fact that such Receivables have been assigned to the Agent for the ratable benefit of the Creditors and that the Agent has a security interest therein for the ratable benefit of the Creditors.

(c) The Debtors will not rescind or cancel any indebtedness evidenced by any of the Receivables or modify any term thereof or make any adjustment with respect thereto, or extend or renew the same, or compromise or settle any dispute, claim, suit or legal proceeding relating thereto, or sell any of such Receivables or interest therein, without the prior written consent of the Agent, except as permitted by Section 6(e).

(d) Each Debtor will duly fulfill all obligations on its part to be fulfilled under or in connection with the Receivables and will do nothing to impair the rights of the Agent and the Creditors in the Receivables.

(e) Each Debtor will endeavor to collect or cause to be collected from the account debtor on each of its Receivables (including, without limitation, Receivables which are delinquent, such Receivables to be collected in accordance with generally accepted lawful collection procedures), as and when due, any and all amounts owing under or on account of such Receivables, except that prior to the occurrence of an Event of Default each Debtor may allow in the ordinary course of business as adjustments to amounts owing under its Receivables (i) an extension or renewal of the time or times of payment, or settlement for less than the total unpaid balance, which such Debtor finds necessary in accordance with sound business and credit judgment and (ii) a refund or credit due as a result of returned or damaged inventory or improper or faulty performance of services. The costs and expenses (including attorney's fees) of collection, whether incurred by such Debtor, the Agent or any other Creditor, shall be borne by the Debtors.

(f) Each Debtor shall, promptly upon learning thereof, report to the Agent all delays in performance, notices of default, claims made or disputes asserted by any account debtor or other obligor on any Receivable and any other matters materially affecting the value, enforceability or collectibility of any Receivable.

(g) The Agent is authorized and empowered in its sole discretion to accept the return of goods, if any, represented by any Receivable or contract rights, without notice to or consent by any Debtor, all without discharging or in any way affecting each Debtor's liability hereunder or on the Obligations.

(h) The hypothec created by Section 2(B) gives the Agent, as soon as it has been published, the right to collect the Receivables and Proceeds that form part of the BCS Quebec collateral. Notwithstanding the foregoing, BCS may collect, in the normal course of business, all of its Receivables and Proceeds until this authorization is withdrawn in the manner provided by law.

(i) After the occurrence and during the continuance of an Event of Default, the Agent shall have the right, without notice to (unless specifically provided for herein), or assent by, any Debtor, and without affecting the Obligations, in the name of each Debtor or in the name of the Agent or otherwise: (i) to notify any or all account debtors under any or all of the Receivables to make payment thereof directly to the Agent for the account of the Debtors or the Creditors and to require the Debtors to forthwith give similar notice to the account debtors; (ii) to demand, collect, sue for, receive, compound and give acquittance for any of the Receivables or any part thereof; (iii) to extend the time of payment of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any of the Receivables; (iv) to endorse the name of any Debtor on any checks, drafts or other orders or instruments for the payment of moneys payable to any Debtor which shall be issued in respect of any Receivable; (v) to file any claims and commence, maintain or discontinue any actions, suits or other proceedings deemed by the Agent to be necessary or advisable for the purpose of collecting or enforcing payment of any Receivable; (vi) to execute any instrument and do any and all other things necessary and proper to protect and preserve and realize upon the Receivables and the other rights contemplated hereby; (vii) to require each Debtor to forthwith account for and transmit to the Agent in the same form as received all proceeds (other than physical property) of collection of Receivables

received by any Debtor and, until so transmitted, to hold the same in trust for the Agent for the account of the Creditors and not commingle such proceeds with any other funds of the Debtors; (viii) to require the Debtors to deliver, at each Debtor's expense, any or all papers, documents, correspondence, records and computer programs and tapes and other electronic data processing software evidencing or relating to the Receivables to the Agent at a place designated by the Agent (and after delivery thereof the Debtors shall have no further claim to or interest in such Receivables); (ix) to notify the Post Office authorities to change the address for delivery of mail addressed to the Debtors to such address as the Agent may designate; and (x) to do all other acts and things necessary to carry out this Agreement. The Agent shall not be obligated to do any of the acts hereinabove authorized, but in the event that the Agent elects to do any such act, the Agent shall not be responsible to the Debtors except for its gross negligence or willful misconduct.

(j) If any Receivable becomes evidenced by a promissory note or similar instrument in the sum of more than \$10,000, the Debtors will promptly notify the Agent thereof, and upon request by the Agent will promptly deliver such instrument to the Agent appropriately endorsed to the order of the Agent as further security for the payment in full of the Obligations.

7. Special Provisions Concerning Inventory and Equipment. (a) Each Debtor will at all times keep all of the Inventory and Equipment insured at its expense, to the Agent's satisfaction, against fire, theft, and all other risks to which the Inventory and Equipment may be subject; all policies or certificates with respect to such insurance shall be endorsed to the Agent's satisfaction for the benefit of the Creditors, including, without limitation, by naming the Agent as loss payee or additional insured, and evidence of such insurance satisfactory to the Agent shall be deposited with Agent. If any Debtor shall fail to insure the Inventory and Equipment to the Agent's satisfaction, or if any Debtor shall fail so to endorse and deposit all policies or certificates with respect thereto in accordance herewith, the Agent shall have the right (but shall be under no obligation) to procure such insurance and each Debtor agrees to reimburse the Agent for all costs and expenses of procuring such insurance that it failed to procure. The Agent may apply any proceeds of such insurance with respect to the Inventory and Equipment, when received by it, toward the payment of any of the Obligations, whether or not the same shall then be due. Each Debtor shall give immediate written notice to the insurers and to the Agent of any loss or damage to the Collateral or any part thereof and shall promptly file all necessary or appropriate proofs of loss with the insurers. Each Debtor hereby appoints the Agent the attorney-in-fact for each Debtor in obtaining, adjusting and canceling any such insurance and endorsing settlement drafts.

(b) The Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, without notice to (unless specifically provided for herein), or assent by, any Debtor but without affecting the Obligations, in the name of each Debtor or in the name of the Agent or otherwise: (i) upon notice to such effect, to require each Debtor to deliver, at such Debtor's expense, any or all of the Inventory and Equipment to the Agent at a place designated by the Agent (and after delivery thereof such Debtor shall have no further claim to or interest in such Inventory and Equipment); (ii) to take possession of any or all of the Inventory and Equipment and, for that purpose, to enter, with the aid and assistance of any Person, any premises where such Inventory and Equipment, or any part thereof, is, or may be, placed or

assembled, to remove any such Inventory or Equipment, and to dispose of or store such Inventory or Equipment in such premises at the expense of such Debtor; and (iii) to execute or endorse any instrument (including, without limitation, any invoice, bill of lading, and storage or warehouse receipt) and do all the things necessary and proper to protect and preserve and realize upon the Inventory and Equipment and the other rights contemplated hereby. The Agent shall not be obligated to do any of the acts hereinabove authorized, but in the event that the Agent elects to do any such act, the Agent shall not be responsible to any Debtor except for the Agent's own gross negligence or willful misconduct.

(c) Upon taking possession of any Inventory or Equipment pursuant hereto following the occurrence of an Event of Default, the Agent shall have the right to hold, store and/or use, manage, control and sell such Inventory or Equipment. Upon any such taking of possession of any Inventory or Equipment, the Agent may, from time to time at the expense of the Debtors, make all such repairs, replacements, alterations, additions and improvements to and of such Inventory or Equipment as the Agent may deem proper. In any such case, the Agent shall have the right to manage and control such Inventory or Equipment and to carry on the business and exercise all rights and powers of each Debtor respecting its Inventory and Equipment, all as the Agent shall deem best; and the Agent shall be entitled to collect and receive all issues, profits, fees, revenues and other income of the same and every part thereof. Such issues, profits, fees, revenues and other income shall be applied to pay the expenses incurred by the Agent or its Agents in (i) holding such Inventory or Equipment; (ii) performing all repairs, replacements, alterations, additions and improvements which the Agent may be required or may elect to make, if any; and (iii) paying all taxes, assessments, insurance, warehouse fees and other charges upon such Inventory or Equipment or any part thereof, and all other payments, which the Agent may be required or authorized or elect to make (including legal costs and attorneys' fees). Any remaining rents, issues, profits, fees, revenues and other income shall be applied to the payment of the Obligations in accordance with Section 12.

8. Special Provisions Concerning Intellectual Property. (a) Except to the extent that the Agent, upon prior written notice from any Debtor, shall consent in writing, each Debtor (either itself or through licensees) will, consistent with sound business judgment, continue to use its Trademarks, if any, on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain its Trademarks in full force free from any claim of abandonment for nonuse and the Debtors will not (and will not permit any licensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) Each Debtor shall take all necessary steps, consistent with sound business judgment, 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 each application and registration of the Trademarks, Copyrights and Patents, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings (except to the extent that dedication, abandonment or invalidation is permitted under paragraph 2(c) hereof).

(c) The Debtors assume all responsibility and liability arising from the use of the Trademarks, Copyrights or Patents, and hereby agree to indemnify and hold the Agent and the other Creditors harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted or sold by any of the Debtors (or any affiliate or subsidiary thereof) in connection with, or which bears or includes, any Trademark, Copyright or Patent or out of the manufacture, promotion, labeling, sale or advertisement of any such product by any of the Debtors (or any affiliate or subsidiary thereof). Each Debtor agrees that the Agent and the other Creditors do not assume, and shall have no responsibility for, the payment of any sums due or to become due under any agreement or contract included in the Collateral or the performance of any obligations to be performed under or with respect to any such agreement or contract by any Debtor, and each Debtor hereby agrees to indemnify and hold the Agent and the other Creditors harmless with respect to any and all claims by any person relating thereto.

(d) Each Debtor agrees that if it, or any affiliate or subsidiary thereof, learns of any use by any person of any term or design likely to cause confusion with any Trademark, it shall promptly notify the Agent of such use and, if requested by the Agent, shall join with the Agent, at such Debtor's expense, in such action as the Agent, in its reasonable discretion, may deem advisable for the protection of the Agent's interests in and to the Trademarks.

(e) All licenses of its Trademarks, Copyrights or Patents which any Debtor has granted to third parties are set forth in Schedule III hereto.

(f) The Trademarks, Copyrights and Patents are subsisting, have not been adjudged invalid or unenforceable in whole or in part, and are not currently being challenged in any way.

(g) None of the Trademarks, Copyrights or Patents have lapsed or expired or have been abandoned or canceled, whether due to any failure to pay any maintenance or other fees or make any filing or otherwise.

(h) Each of the Trademarks, Copyrights and Patents is valid and enforceable and the Debtors are not aware of any impairments to the Trademarks, Copyrights or Patents which would have a material effect on the validity and/or enforceability thereof.

(i) No claim has been made that the use of any of the Trademarks, Copyrights or Patents constitutes an infringement.

(j) Each Debtor will continue to use, consistent with past practice, proper statutory notice in connection with its use of the Trademarks.

(k) Each Debtor will use standards of quality in its manufacture of products sold under the Trademarks consistent with those currently employed by it.

(l) No Debtor shall adopt or use any mark which is confusingly similar or a colorable imitation of any Trademark unless it shall have granted to the Agent a perfected security interest in such mark pursuant to this Security Agreement.

(m) No Debtor will (either itself or through licensees) do any act, or omit to do any act, whereby any Copyright may become injected into the public domain. Each Debtor shall notify the Agent immediately if it knows, or has reason to know, that any Copyright may become injected into the public domain or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any court or tribunal in the United States or any other country) regarding any Debtor's ownership of any such Copyright or its validity.

(n) Each Debtor shall promptly notify the Agent of any infringement of any Trademark, Copyright or Patent of which it becomes aware and shall take, consistent with sound business judgment, such actions as the Agent may reasonably require to protect such Trademark, Copyright or Patent including, where appropriate, the bringing of suit for infringement, seeking injunctive relief and seeking to recover any and all damages for such infringement.

9. Financing Statements: Documentary Stamp Taxes. (a) Each Debtor authorizes Agent to file financing statements covering the Collateral. Each Debtor will pay any applicable filing fees and related expenses. Each Debtor authorizes the Agent to file any such financing statements without the signature of such Debtor.

(b) Each Debtor agrees to procure, pay for, affix to any and all documents and cancel any documentary tax stamps or similar taxes required by, and in accordance with, applicable law, and each Debtor will indemnify the Agent and the other Creditors and hold the Agent and the other Creditors harmless against any liability (including interest and penalties) in respect of such taxes.

(c) Upon request of Agent, each debtor shall provide control agreements for all Deposit Accounts at financial institutions other than Agent, shall obtain the issuer's consent with respect to any Letter-of-Credit Rights, and shall provide, if deemed reasonably necessary, control agreements with respect to Investment Property.

10. Additional Provisions Concerning Remedies and Sale of Collateral. (a) In addition to any rights, and remedies contained herein or now or hereafter granted under applicable law and not by way of limitation of any such rights and remedies, upon the occurrence and during the continuance of an Event of Default, the Agent shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any applicable jurisdiction in addition to the rights and remedies provided herein. The Agent may take legal proceedings for the appointment of a receiver or receivers (to which the Agent shall be entitled as a matter of right) to take possession of the Collateral pending the sale thereof pursuant either to the powers of sale granted by this Agreement or to a judgment, order or decree made in any judicial proceeding for the foreclosure or involving the enforcement of this Agreement.

(b) Upon the occurrence and during the continuance of any Event of Default the Agent shall have the right to seize and take possession of any Collateral (or any paper, documents, correspondence, computer tapes and programs and other electronic data processing software relating to the Collateral), and may enter the premises where such Collateral (or such paper, documents, correspondence, tapes, programs or software) are located for the purpose of

effecting such seizure. The Agent shall not be liable to the Debtors for any damage suffered by such Debtors by reason thereof and the Debtors shall indemnify the Agent and the other Creditors for any liability which may accrue to any Person by reason of such entry or seizure. At any time or from time to time after the occurrence and during the continuance of an Event of Default the Agent may hire and maintain on any of the premises of any Debtor a custodian or independent contractor selected by the Agent who shall have full authority to do all lawful acts necessary to protect the Agent's and the other Creditors' interests and to report to the Agent thereon. Each Debtor hereby agrees to cooperate with any such Person and to do whatever the Agent may reasonably request to preserve the Collateral. All expenses incurred by the Agent or any other Creditor by reason of the employment of any such Person shall be payable by each Debtor and shall be secured hereby and shall be a part of the Obligations.

(c) Upon the occurrence and during the continuance of an Event of Default the Agent may, without obligation to resort to other security, at any time and from time to time, sell, re-sell, assign and deliver all or any of the Collateral, in one or more parcels at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Agent may determine, with the amounts realized from any such sale to be applied in the manner provided in Section 12. Each Debtor hereby agrees that all of the foregoing may be effected without demand, advertisement or notice (except as required by law or as expressly provided herein), all of which (to the extent permitted by law) are hereby expressly waived. Upon any sale of any of the Collateral, whether made under the power of sale hereby given or under judgment, order or decree in any judicial proceeding for the foreclosure involving the enforcement of this Agreement, (i) the Agent may bid for the property being sold, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in its own absolute right without further accountability, and may, in paying the purchase money therefor, discharge a portion of the Obligations owing to the Agent in an amount equal to such purchase price; (ii) the Agent may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale and instrument of assignment and transfer of the property sold; (iii) the Agent may make all necessary deeds, bills of sale and instruments of assignment and transfer of the property thus sold; but if so requested by the Agent or such purchaser, each Debtor shall ratify and confirm any such sale or transfer by executing and delivering to the Agent or such purchaser all property, deeds, bills of sale, instruments of assignment and transfer and releases as may be designated in any such request; (iv) all right, title, interest, claim and demand whatsoever, either in law or in equity or otherwise, of any Debtor of, in and to the property so sold shall be divested and such sale shall be a perpetual bar both at law and in equity against such Debtor, its successors and assigns, and against any and all Persons claiming or who may claim the property sold or any part thereof from, through or under such Debtor, its successors or assigns; and (v) the receipt of the Agent or of the officer thereof making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money, and such purchaser or purchasers, and his, its or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Agent or of such officers thereof, be obligated to see to the application of such purchase money or be in any way answerable or responsible for any loss, misapplication or non-application thereof

(d) To the extent that it may lawfully do so, each Debtor agrees that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption laws, or any law permitting it to direct the order in which the Collateral or any part thereof shall be sold, now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance or enforcement of this Agreement or the Obligations, and each Debtor hereby expressly waives all benefit or advantage of any such laws and covenants that it will not hinder, delay or impede the execution of any power granted or delegated to the Agent in this Agreement, but will suffer and permit the execution of every such power as though no such laws were in force. In the event of any sale of Collateral pursuant to this Agreement by the Agent, the Agent shall, at least 10 days before such sale, give each Debtor written notice (which notice may be given by telecopier) of its intention to sell, except that, if the Agent shall determine in its sole discretion that any of the Collateral is perishable or threatens to decline speedily in value, any such sale may be made upon one day's written notice (which notice may be given by telecopier) to such Debtor.

(e) Each Debtor agrees that upon the occurrence of any Event of Default and at any time during the continuance thereof, any of the monies, deposit balances and other property of such Debtor held by, or coming into the possession of, the Agent or any other Creditor may be applied (including, without limitation, by way of set-off) by the Agent or such Creditor to a reduction of the Obligations.

(f) For the purpose of enabling the Agent to exercise rights and remedies hereunder, each Debtor hereby grants to the Agent access upon the occurrence and during the continuance of an Event of Default (after taking into account any applicable grace or cure period) to all media in which any Collateral consisting of Intellectual Property may be recorded or stored and to all computer equipment and software programs used for the compilation or printout thereof to the extent that such Debtor may lawfully do so, and hereby authorizes any and all custodians thereof to release such media to the Agent or in accordance with the Agent's instructions upon receipt of a letter executed by the Agent stating that an Event of Default has occurred and is continuing.

(g) For the purpose of enabling the Agent to exercise its rights and remedies under this Agreement at such time as the Agent, without regard to this Section 10(g), shall be lawfully entitled to exercise such rights and remedies and for no other purpose, each Debtor hereby grants to the Agent for the ratable benefit of the Creditor's, effective upon the occurrence of an Event of Default and notice by the Agent that it desires to exercise such rights and remedies, an irrevocable, exclusive license, exercisable without payment of royalty or other compensation to any of the Debtors, to use, assign, license or sublicense any of the Collateral consisting of Intellectual Property, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

11. Agent Appointed Attorney-in-Fact. (a) Each Debtor hereby appoints the Agent as each Debtor's attorney-in-fact, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is

irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Agent shall have the right and power, in its own name or as attorney-in-fact for each Debtor, (i) to take any of the actions specified in Section 6(h) or 7(b) and (ii) generally, to do, at the Agent's option and at each Debtor's expense, at any time, or from time to time, all acts and things that the Agent deems necessary to protect, preserve and realize upon the Collateral and the Agent's security interest therein for the ratable benefit of the Lenders; and each Debtor hereby ratifies all that the Agent, acting as attorney-in-fact for each Debtor, shall lawfully do or cause to be done by virtue hereof.

(b) Concurrently with the execution and delivery hereof, each Debtor will execute and deliver to the Agent a Special Power of Attorney substantially in the form of Exhibit I hereto for the implementation of the assignment, sale or other disposition of the Collateral or any portion thereof pursuant to Sections 10(c), 10(d), and 10(g) hereof and for the other purposes specified in such Power of Attorney, and each Debtor hereby releases the Agent from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Agent under the power of attorney granted herein or therein, other than actions taken or omitted to be taken through the gross negligence or willful misconduct of the Agent.

(c) The Agent shall hold the hypothec granted pursuant to Section 2(B) of this Article for the benefit of the Creditors and shall act as their agent in the exercise of the rights conferred on the Agent hereunder. The Trustee shall be considered a *fondé de pouvoir* of the Creditors within the meaning of Article 2692 of the *Civil Code of Quebec*. The Agent may perform any act necessary to the performance of its duties.

(d) Any person who becomes a Creditor shall benefit from the provisions of this Article and the appointment of the Agent as agent for the Creditors and, upon becoming a Creditor, irrevocably authorizes the Agent to perform such functions.

12. Application of Moneys; Reassignment of Collateral. Except as otherwise provided herein, all moneys which the Agent shall receive pursuant to this Agreement or with respect to the Collateral shall be applied in the following manner: First, to the payment of all costs and expenses incurred in connection with the administration and enforcement of, or the preservation of any rights under, this Agreement and the realization on such collateral (including, without limitation, the fees and disbursement of the Agent's counsel and Agents); and Second, to the payment of all other Obligations in such order and manner as the Agent shall determine. The balance, if any, of such moneys shall be paid over to the Debtors or as otherwise required by law or as directed by a court of competent jurisdiction. Upon the payment in full of the Obligations and the termination of this Agreement, all Collateral not sold or otherwise disposed of pursuant hereto shall, at the request of any Debtor and at the sole expense of such Debtor, be reassigned by the Agent to such Debtor (or as otherwise directed by a court of competent jurisdiction), without recourse and without any representations, warranties or agreements of any kind. Each Debtor shall remain jointly and severally liable to the Agent for any deficiency remaining on the Obligations after the aforesaid application of such monies to the Obligations.

13. Exercise of Rights. The Agent shall have the right in its sole discretion to determine which rights, security, liens, guarantees, security interests or remedies it shall retain, pursue, release, subordinate, modify or take any other action with respect to, without in any way modifying or affecting any of the other of them or any of the Agent's or the other Creditors' rights hereunder. The Agent shall consult with the Lenders prior to exercising its rights hereunder to sell or otherwise dispose of the Collateral or any material portion thereof, but failure on its part to so consult with the Lenders shall not affect any such sale or disposition or any of its other rights or remedies hereunder.

14. Waivers, Amendments, Required Notices. Each Debtor hereby waives notice of acceptance of this Agreement, notice of nonpayment of any Obligations or of any Receivables or of any instrument relating thereto, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of Collateral received or delivered, or any other action taken in reliance hereon and all other demands and notices of any description, except such as are expressly provided for herein or which by applicable law may not be waived on the date hereof. No course of dealing between the Agent or any other Creditor and each Debtor or any other Person, and no failure on the part of the Agent to exercise, and no delay in exercising, any right, power or remedy hereunder, shall operate as a waiver thereof or as a waiver of any Event of Default, nor shall any single or partial exercise by the Agent of any right, power or remedy hereunder or with respect to the Obligations preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No amendment or modification of this Agreement nor any waiver of any provision of this Agreement or consent to any departure by any Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by the Agent, and then any such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Debtor in any case shall, of itself, entitle such Debtor to any other or further notice or demand in similar or other circumstances. If notice, whether before or after any Event of Default has occurred, is required by law to be given by the Agent to any Debtor, each Debtor agrees that, unless otherwise specifically provided herein, ten (10) days' notice given in the manner provided below shall be reasonable notice.

15. Cumulative Rights and Remedies. This Agreement and the liens and security interests granted hereunder are in addition to and not in substitution for any other security interest or collateral now or hereafter held by or on behalf of the Agent or any other Creditor to secure the Obligations, and shall not operate as a merger of any contract debt or suspend the fulfillment of or affect the rights, remedies or powers of the Agent or any other Creditor in respect of the Obligations or any other security interests held by the Agent or any other Creditor for the fulfillment thereof. The remedies herein provided are cumulative and not exclusive of any remedy provided by law.

16. Notices. All notices, requests, demands, instructions, directions and other communications provided for hereunder shall be in writing (which term shall include telecopied communications) and shall be mailed (by registered or certified mail, postage prepaid), telecopied or delivered to the applicable party at the address specified opposite its signature line below or, as to any party, to such other address as such party shall specify by a notice in writing to the other party hereto. Each notice, request, demand, instruction, direction or other communication provided for hereunder shall be deemed delivered (i) if by mail, three (3)

Business Days after being deposited in the mails, addressed to the applicable party at its address set forth above, (ii) if by hand, when delivered to the applicable party at such address, and (iii) if by telecopy, when sent to the applicable party at such address.

17. Costs and Expenses. (a) The Debtors agree jointly and severally to pay, on demand, whether or not any Event of Default shall have occurred and regardless of whether or not any proceeding to enforce this Agreement or the Obligations shall have been commenced, all of the reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of legal counsel) incurred by the Agent in connection with (i) the preparation of this Agreement and any related financing statements and other instruments and documents, (ii) the enforcement of this Agreement and the security interests granted hereunder, (iii) any filings or recordings with respect to the security interests granted hereunder (including all filing and recording fees, stamp taxes, recording taxes and intangible property taxes), (iv) the receipt of proceeds of the Receivables hereunder, (v) the care and preservation of the Collateral, (vi) the sale or other disposition of, or other realization upon, the Collateral, or (vii) the preparation of any requested amendments to this Agreement or waivers or consents in connection herewith. Any such costs and expenses so incurred by the Agent shall be secured hereby and be a part of the Obligations.

(b) If any lien or tax shall be claimed with respect to the Collateral which, in the opinion of the Agent, may possibly create a valid obligation having priority over the security interest granted to it herein, the Agent may in its sole discretion and without notice to any Debtor pay such taxes and/or the amount secured by such lien and the amount of such payment shall be charged to such Debtor's account and added to the Obligations secured hereby: provided, however, that the Agent shall not make such payment with respect to any lien or tax being contested in good faith by any Debtor by appropriate proceedings if (i) such proceedings shall suspend the enforcement of such lien or collection of such tax, (ii) no part of the Debtors rights in and under the Collateral shall be subject to sale, forfeiture or diminution, and (iii) each Debtor shall have furnished such security that is not part of the Collateral as may be required in such proceedings or reasonably requested by the Agent.

(c) Upon any failure by any Debtor to perform any of its duties and obligations hereunder, the Agent may, but shall not be obligated to, perform any or all of such duties, and each Debtor shall pay to the Agent, forthwith upon written demand therefor, an amount equal to the cash or out-of-pocket expense incurred by the Agent in so doing plus interest thereon, from the date such expense is incurred until it is paid in full at a rate per annum equal to the highest rate of interest payable by the Debtor from time to time on the Obligations.

18. Successors and Assigns. This Agreement shall be binding upon each Debtor and its successors and assigns and shall inure to the benefit of the Agent, the other Creditors and their respective successors, transferees and assigns. No Debtor may assign its rights or obligations hereunder or any portion thereof without the prior written consent of the Agent. The Agent may assign its rights and powers under this Agreement with all or any of the Obligations and, in the event of such assignment, the assignee of such rights and powers, to the extent of such assignment, shall have the same rights and remedies hereunder, and shall be secured hereby to the same extent, as if originally named herein as a Creditor.

19. Severability. If any part of this Agreement is contrary prohibited by or deemed invalid under the applicable laws or regulations of any jurisdiction, such provision shall, as to such jurisdiction, be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given full force and effect so far as possible, and any such prohibition or invalidity in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

20. No Assumption of Duties: Limitation on Liabilities: Preservation of Collateral. (a) Nothing herein contained shall be construed to constitute the Agent as the Debtors' Agent for any purpose whatsoever except for the limited purposes of receiving proceeds of the Collateral as provided above. The Agent does not, by anything contained herein or in any assignment or otherwise, assume the Debtors' obligations under any Receivable or other Collateral or any contract or agreement relating thereto, and the Agent shall not be responsible in any way for the Debtors' performance of any of the terms and conditions thereof.

(b) Neither the Agent nor any other Creditor nor any of its directors, officers, employees or Agents shall be liable to any Person for any action taken or omitted by the Agent nor any other Creditor or its officers, directors, employees or Agents hereunder or with respect to any transaction contemplated by this Agreement, except for the Agent's, such other Creditors' or such officers', directors', employees' or Agents' gross negligence or willful misconduct. Without limiting the generality of the foregoing, neither the Agent nor such other Creditor shall be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof unless due to the Agent's or such other Creditor's gross negligence or willful misconduct. Neither the Agent nor such other Creditor shall, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Receivables or any instrument received in payment thereof or for any damage resulting therefrom.

(c) The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 70A-9a-207 of the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account. Neither the Agent nor such other Creditors nor any of their respective directors, officers, employees or Agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Debtor or otherwise.

21. Indemnification. Each Debtor agrees jointly and severally to pay, and to save the Agent and each other Creditor harmless from, any and all liabilities, costs, expenses, losses or damages (including, without limitation, reasonable legal fees and expenses) which may be imposed on, incurred by or asserted against the Agent and each other Creditor (i) with respect to, or resulting from, any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any requirement of law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Agreement or

the enforcement of any of the terms hereof. In any suit, proceeding or action brought by the Agent and each other Creditor under or with respect to any Receivable, License or Contract for any sum owing thereunder, or to enforce any provisions of any Receivable, License or Contract, each Debtor will jointly and severally save, indemnify and keep the Agent and each other Creditor harmless from and against an liabilities, costs, expense, loss or damage suffered by reason of any defense, setoff,, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by any Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from any Debtor. Notwithstanding the foregoing, the Debtors shall not be liable for any of the foregoing to the extent that they arise from the gross negligence or willful misconduct of the Agent and each other Creditor.

22. Survivals Termination, (a) All covenants, agreements, representations and warranties made herein by the Debtors shall survive the execution and delivery of this Agreement and shall continue in full force and effect so long as the Agent and each other Creditor has any obligation to make Loans under the terms of the Credit Agreement or any of the Obligations remain outstanding.

(b) This Agreement shall terminate when the Agent's and each other Creditor's obligation to make Loans under the terms of the Credit Agreement has terminated and all of the Obligations have been paid in full; provided, however, that this Agreement shall be reinstated if any payment in respect of the Obligations is rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be restored or returned by the Agent or any other Creditor for any reason, including without limitation by reason of the insolvency, bankruptcy or reorganization of any Debtor or any other Person.

23. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF UTAH, WITHOUT REFERENCE TO ITS PRINCIPLES OF CONFLICTS OF LAW. EXCEPT FOR THE HYPOTHEC GRANTED BY BCS IN FAVOR OF THE AGENT FOR THE RATEABLE BENEFIT OF THE CREDITORS PURSUANT TO SECTION 2(B) HEREOF AND THE RIGHTS AND REMEDIES ARISING THEREFROM WHICH SHALL BE GOVERNED BY THE LAWS OF THE PROVINCE OF QUEBEC.**

24. **SUBMISSION TO JURISDICTION. (A) EACH DEBTOR HEREBY EXPRESSLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ALL FEDERAL AND STATE COURTS SITTING IN THE STATE OF UTAH, IN CONNECTION WITH ANY ACTION, SUIT OR PROCEEDING RELATING TO THIS AGREEMENT, ANY INSTRUMENT OR DOCUMENT REFERRED TO HEREIN OR RELATED HERETO, OR ANY ITEM OF COLLATERAL, AND IN CONNECTION THEREWITH AGREES THAT ANY PROCESS OR NOTICE OF MOTION OR OTHER APPLICATION TO ANY OF SAID COURTS OR A JUDGE THEREOF MAY BE SERVED UPON SUCH DEBTOR WITHIN OR WITHOUT SUCH COURT'S JURISDICTION BY REGISTERED OR CERTIFIED MAIL, AT THE ADDRESS OF SUCH DEBTOR SPECIFIED IN SECTION 16 HEREOF (OR AT SUCH OTHER**

ADDRESS AS SUCH DEBTOR SHALL SPECIFY BY A PRIOR NOTICE IN WRITING TO THE ADMINISTRATIVE AGENT), PROVIDED A REASONABLE TIME FOR APPEARANCE IS ALLOWED.

(B) EACH DEBTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY INSTRUMENT OR DOCUMENT REFERRED TO HEREIN OR RELATED HERETO BROUGHT IN ANY FEDERAL OR STATE COURT SITTING IN THE STATE OF UTAH AND HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) NOTWITHSTANDING THE FOREGOING, THE ADMINISTRATIVE AGENT OR ANY CREDITOR MAY SUE ANY DEBTOR IN ANY JURISDICTION WHERE THE DEBTOR OR ANY OF ITS ASSETS MAY BE FOUND AND MAY SERVE LEGAL PROCESS UPON SUCH DEBTOR IN ANY OTHER MANNER PERMITTED BY LAW.

25. WAIVER OF JURY TRIAL. EACH DEBTOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT, ANY INSTRUMENT OR DOCUMENT REFERRED TO HEREIN OR RELATED HERETO, OR ANY ITEM OF COLLATERAL, AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

26. Additional Debtors. Pursuant to Section 8.15 of the Credit Agreement, each Subsidiary of any Debtor that was not in existence on the date of the Credit Agreement is required to enter into this Security Agreement as a Debtor upon becoming a Subsidiary. Upon execution and delivery after the date hereof by the Agent and such a Subsidiary of a Supplement in the form of Annex 1, such Subsidiary shall become a Debtor hereunder with the same force and effect as if originally named as a Debtor herein. The execution and delivery of any instrument adding an additional Debtor as a party to this Debtor shall not require the consent of any other Debtor hereunder. The rights and obligations of each Debtor hereunder shall remain in full force and effect notwithstanding the addition of any new Debtor as a party to this Security Agreement.

27. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, all of which when taken together shall constitute but one and the same agreement.


[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE TO FOLLOW]

**[Signature page to Subsidiaries' Security Agreement dated as of December 14, 2001
among Browning Manufacturing Company, Browning Arms Company, Browning Canada
Sports Ltd./Ltde and Wells Fargo Bank, N.A., as Agent]**

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

Address: **BROWNING MANUFACTURING COMPANY**

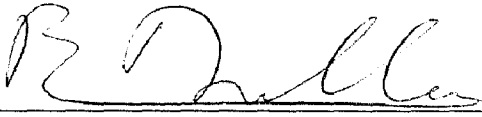
c/o Browning
One Browning Place
Morgan, Utah 84050
Attention: Bertrand Devillers
Telecopier: (801) 876-3331

By: 
Name: Bertrand Devillers
Title: Chief Financial Officer

Address: **BROWNING ARMS COMPANY**

c/o Browning

One Browning Place
Morgan, Utah 84050
Attention: Bertrand Devillers
Telecopier: (801) 876-3331

By: 
Name: Bertrand Devillers
Title: Chief Financial Officer

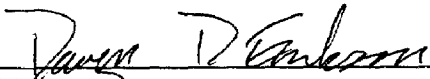
Address: **BROWNING CANADA SPORTS LTD./LTIE**

c/o Browning

One Browning Place
Morgan, Utah 84050
Attention: Bertrand Devillers
Telecopier: (801) 876-3331

By: _____
Name:
Title:

Acknowledged and accepted:
WELLS FARGO BANK, N.A.,
as Agent

By: 
Name: DARNEN D. ERICKSON
Title: ASSISTANT VICE PRESIDENT

**[Signature page to Subsidiaries' Security Agreement dated as of December 14, 2001
among Browning Manufacturing Company, Browning Arms Company, Browning Canada
Sports Ltd./Ltde and Wells Fargo Bank, N.A., as Agent]**

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

Address: **BROWNING MANUFACTURING COMPANY**

c/o Browning
One Browning Place
Morgan, Utah 84050
Attention: Bertrand Devillers
Telecopier: (801) 876-3331

By _____
Name:
Title:

Address: **BROWNING ARMS COMPANY**

c/o Browning

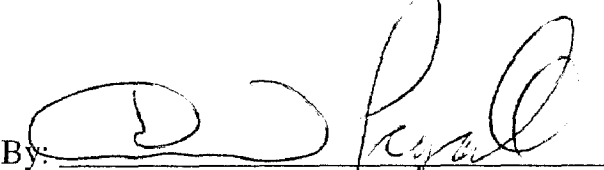
One Browning Place
Morgan, Utah 84050
Attention: Bertrand Devillers
Telecopier: (801) 876-3331

By _____
Name:
Title:

Address: **BROWNING CANADA SPORTS LTD./LTIE**

c/o Browning

One Browning Place
Morgan, Utah 84050
Attention: Bertrand Devillers
Telecopier: (801) 876-3331

By: 
Name: DANIEL LEGAULT
Title: GENERAL MANAGER
SECRETARY

Acknowledged and accepted:
WELLS FARGO BANK, N.A.,
as Agent

By: _____
Name:
Title:

SCHEDULE I

SCHEDULE OF OFFICES

1. Addresses of all offices where the original books of account and records of each Debtor relating to the Receivables, Contracts, Leases, Intellectual Property, Investment Property and other Financial Assets are kept:

One Browning Place
Morgan, Utah 84050

Browning Canada Ltd.
5617 Chemin St. Francois
St. Laurent Quebec H4S 1W6
Canada

SCHEDULE II

SCHEDULE OF INVENTORY AND EQUIPMENT LOCATIONS

One Browning Place
Morgan, UT 84050

One Browning Place
Arnold, MO 63010

Browning Canada Ltd.
5617 Chemin St. Francois
St. Laurent Quebec H4S 1W6
Canada

SCHEDULE III

A - SCHEDULE OF PATENTS AND PATENT LICENSES

See attached.

B - SCHEDULE OF TRADEMARKS AND TRADEMARK LICENSES

See attached.

C - SCHEDULE OF COPYRIGHTS

None.

A. PATENTS AND PATENT LICENSES

Browning Manufacturing Company Patents

None

Browning Manufacturing Company Patent Licenses

None

Browning Arms Company Patents

None

Browning Arms Company Patent Licenses

None

Browning Canada Sports Ltd./Ltd~~e~~ Patents

None

Browning Canada Sports Ltd./Ltd~~e~~

None

B. TRADEMARKS AND TRADEMARK LICENSES

Browning Manufacturing Company Trademarks

None

Browning Manufacturing Company Trademark Licenses

None

Browning Arms Company Trademarks

<u>Country</u>	<u>Trademark</u>	<u>Status</u>	<u>Filing Date</u> <u>Serial Number</u>	<u>Registration Date</u> <u>Registration</u> <u>Number</u>
U.S.	Browning (Portrait Design)	Active Registration	8/15/30 304,648	5/19/31 283,189

Browning Arms Company Trademark Licenses

None

Browning Canada Sports Ltd./Ltde Trademarks

None

Browning Canada Sports Ltd./Ltde Trademark Licenses

None

SPECIAL POWER OF ATTORNEY

STATE OF UTAH)
) ss.:
COUNTY OF SALT LAKE)

KNOW ALL MEN BY THESE PRESENTS, THAT Browning Arms Company, a Utah corporation (the "Assignor") hereby irrevocably appoints and constitutes Wells Fargo Bank, N.A., as Agent (the "Assignee"), its true and lawful attorney, with full power of substitution, and with full power and authority to perform the following acts on behalf of such Assignor:

1. For the purpose of assigning, selling, licensing or otherwise disposing of all right, title and interest of such Assignor in and to any and all trademarks, trade names, trade styles and service marks listed in Schedule I hereto (the "**Trademarks**"), any and all patents listed on Schedule I hereto (the "**Patents**"), any and all copyrights listed in Schedule I hereto (the "**Copyrights**"), and all registrations, recordings, reissues, extensions and renewals of any of the foregoing, and all pending applications therefor, for the purpose of continuing, protecting and preserving the Trademarks, the Copyrights or the Patents, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to, the foregoing, (a) to execute on its own, behalf and/or on the behalf and stead of the Assignor and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose and (b) to take such other actions with respect to the Trademarks, the Copyrights or the Patents as the Assignee deems in its best interest; and


2. To execute on its own behalf and/or on the behalf and stead of the Assignor any and all documents, statements, certificates or other papers necessary or advisable in order to effectuate any of the purposes described above as Assignee may in its sole discretion determine.

The Assignor hereby ratifies all that Assignee shall lawfully do or cause to be done under or by virtue of the powers of attorney granted herein and hereby releases Assignee from any and all claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by Assignee under the powers of attorney granted herein.

This power of attorney is made pursuant to a Security Agreement dated as of the date hereof, among Assignor, Assignee and certain other assignors party thereto (the "**Security Agreement**") and takes effect, upon the occurrence of an Event of Default thereunder, for the purposes of paragraphs 10(c), 10(d) and 10(g) thereof and is subject to the conditions thereof and may not be revoked until the payment in full of all "**Obligations**" as defined in such Security Agreement and the termination of the Commitment (as defined in the Credit Agreement referred to in such Security Agreement).

Dated: December 14, 2001

Browning Arms Company

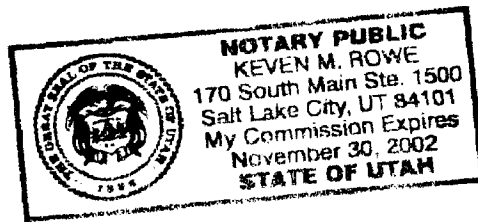
By: 
Name: Bertoni DeWiler
Title: Chief Financial Officer

STATE OF UTAH)
) ss.:
COUNTY OF SALT LAKE)

On this _____ day of December, 2001, before me personally appeared Bert Paul Whittier, to me known, who, being by me duly sworn, did depose and say that he is the Chief Executive Officer of Browning Arms Company, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed pursuant to authority of the Board of Directors of said corporation, and that he signed his name thereto pursuant to such authority.



Notary Public



Schedule I to Special Power of Attorney

A - SCHEDULE OF PATENTS AND PATENT LICENSES

See Attached

B SCHEDULE OF TRADEMARKS AND TRADEMARK LICENSE

See Attached

C - SCHEDULE OF COPYRIGHTS

None

A. PATENTS AND PATENT LICENSES

Browning Manufacturing Company Patents

None

Browning Manufacturing Company Patent Licenses

None

Browning Arms Company Patents

None

Browning Arms Company Patent Licenses

None

Browning Canada Sports Ltd./Ltée Patents

None

Browning Canada Sports Ltd./Ltée Patent Licenses

None

B. TRADEMARKS AND TRADEMARK LICENSES

Browning Manufacturing Company Trademarks

None

Browning Manufacturing Company Trademark Licenses

None

Browning Arms Company Trademarks

<u>Country</u>	<u>Trademark</u>	<u>Status</u>	<u>Filing Date</u> <u>Serial Number</u>	<u>Registration Date</u> <u>Registration</u> <u>Number</u>
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Browning Arms Company Trademark Licenses

None

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None

Browning Canada Sports Ltd./Ltée Trademark Licenses

None

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