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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:

<p>1. Name of conveying party(ies): <u>8-8-02</u></p> <p>Fetco International, Inc.</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation-State Massachusetts <input type="checkbox"/> Other _____</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____</p> <p>Execution Date: May 4, 1998</p>	<p>2. Name and address of receiving party(ies)</p> <p>Name: Fleet National Bank Internal _____ Address: _____</p> <p>Street Address: One Federal Street City: Boston State: MA Zip: 02110</p> <p><input type="checkbox"/> Individual(s) citizenship _____ <input checked="" type="checkbox"/> Association National Banking Association <input type="checkbox"/> General Partnership _____ <input type="checkbox"/> Limited Partnership _____ <input type="checkbox"/> Corporation-State _____ <input type="checkbox"/> Other _____</p> <p><small>If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</small></p>
<p>4. Application number(s) or registration number(s):</p> <p>A. Trademark Application No.(s) 76/370573, 76/337760, 76/287169</p> <p style="text-align: right;">Additional number(s) attached <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>B. Trademark Registration No.(s) 2582757, 2525666 2494784, 2500751, 2314015, 2174702</p>
<p>5. Name and address of party to whom correspondence concerning document should be mailed:</p> <p>Name: Jean M. Maxwell Trademark Legal Assistant Coordinator Internal Address: _____</p> <p>Street Address: Palmer & Dodge LLP 111 Huntington Avenue City: Boston State: MA Zip: 02119-7613</p>	<p>6. Total number of applications and registrations involved: 9</p> <p>7. Total fee (37 CFR 3.41)..... \$240.00</p> <p><input checked="" type="checkbox"/> Enclosed <input type="checkbox"/> Authorized to be charged to deposit account</p> <p>8. Deposit account number: _____</p> <p style="text-align: right;"><small>(Attach duplicate copy of this page if paying by deposit account)</small></p>
DO NOT USE THIS SPACE	
<p>9. Statement and signature. <i>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.</i></p> <p>Jean M. Maxwell  August 8, 2002 Name of Person Signing Signature Date</p> <p style="text-align: right;">31</p> <p style="text-align: center;"><small>Total number of pages including cover sheet, attachments, and document:</small></p>	

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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SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement"), dated as of May 4, 1998, is made by Fetco International, Inc., a Massachusetts corporation, having a chief executive office and principal place of business at 84 Teed Drive, P.O. Box 165, Randolph, Massachusetts 02368-0165 (the "Debtor"), in favor of Fleet National Bank, a national banking association ("Fleet"), as administrative agent (the "Administrative Agent") for itself and the other lenders which are, or may in the future become, parties to that certain Credit Agreement dated as of April 30, 1998 (the "Credit Agreement"), among the Debtor, the other lenders from time to time parties thereto (the "Lenders"), the Administrative Agent and Key Corporate Capital, as Lender and as co-agent under the Credit Agreement (collectively, the "Secured Parties").

WHEREAS, pursuant to the Credit Agreement, the Secured Parties have agreed to make certain loans and issue letters of credit on behalf of the Debtor.

WHEREAS, it is a condition precedent to the Secured Parties' obligations to make the loans and issue the letters of credit under the Credit Agreement that the Debtor shall have granted a security interest in the Collateral to secure the repayment of such loans and letters of credit.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor and the Secured Parties agree as follows:

Section 1. Definitions. The following terms shall have the following meanings (such definitions shall be equally applicable to the singular and plural forms of the terms defined):

"Chattel Paper" shall have the meaning assigned to that term under the UCC.

"Collateral" shall mean all of the following property: all of the right, title and interest of the Debtor in, to and under (i) all Receivables now existing or hereafter arising from time to time, including all books, records, ledgers, print-outs, file materials and other papers containing information relating to Receivables and any account debtors in respect thereof; (ii) all Inventory now existing or hereafter acquired from time to time; (iii) all Contracts now existing or hereafter arising from time to time; (iv) all Equipment now existing or hereafter acquired from time to time; (v) all General Intangibles now existing or hereafter acquired from time to time; (vi) all Chattel Paper; (vii) all Instruments and Documents; (viii) all Insurance Policies now existing or hereafter acquired from time to time; (vii) all Pension Plan Reversions now existing or hereafter arising from time to time; (viii) all Licenses now existing or hereafter arising from time to time; (ix) the Merger Documents and any and all rights of the Debtor thereunder; and (x) any and all other property of the Debtor of every name and nature which from time to time after the date hereof, by delivery or by writing of any kind for the purposes hereof, shall have been conveyed, mortgaged, pledged, assigned or transferred by the Debtor or by anyone on its behalf or with its

consent to the Secured Parties, as and for additional security for the payment of the Secured Obligations; and all Proceeds of any and all of the foregoing.

"Contracts" shall mean, all right, title and interest of the Debtor in, to and under, or derived from, any and all sale, service, performance and equipment lease contracts (whether written or oral), and any other contract (whether written or oral) between the Debtor and any third party.

"Documents" shall have the meaning assigned to that term in the UCC.

"Equipment" shall mean all equipment (as defined in the UCC), wherever located, including, without limitation, all machinery, equipment, office machinery, furniture, conveyors, tools, materials, storage and handling equipment, automotive equipment, trucks, buses, motor vehicles, bottling and processing equipment, and all other equipment of every kind and nature, wherever situated, and owned by the Debtor or in which the Debtor may have any interest (to the extent of such interest), all modifications, alterations, repairs, substitutions, additions and accessions thereto, all replacements and all parts therefor, and together with all substitutes for any of the foregoing.

"General Intangibles" shall mean all general intangibles (as defined in the UCC) and (i) all manuals, blueprints, know-how, warranties and records in connection with the Equipment; (ii) all documents of title or documents representing Inventory, together with all records, files and writings with respect thereto; (iii) any and all rights, claims and causes of action of the Debtor against any Person and the benefits of any and all collateral or other security given by any Person in connection therewith; (iv) all information, customer lists, identification of suppliers, data, plans, blueprints, specification designs, drawings, surveys, engineering reports, test reports, manuals, materials, catalogs, research data, computer software and programs pertaining to the operations of the Debtor; (v) all information relating to sales of products now or hereafter manufactured, distributed or franchised by the Debtor; (vi) all accounting information pertaining to the Debtor's operations of any of the Equipment, Inventory, Receivables or General Intangibles or to the Merger Documents and all media in which or on which any of the information or knowledge or data or records relating to such operations or any of the Equipment, Inventory, Receivables or General Intangibles or to the Merger Documents may be recorded or stored; (vii) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by the Debtor pertaining to operations now or hereafter conducted by the Debtor; (viii) all causes of action, claims and warranties now or hereafter owned or acquired by the Debtor; all patents issued and assigned to and all patent applications made by the Debtor (including, but not limited to all patents listed on Schedule E hereto); (ix) all trademarks (including service marks), federal and state trademark registrations and applications made by the Debtor, common law trademarks and trade names owned by or assigned to the Debtor and all registrations and applications for the foregoing (including, but not limited to all trademarks listed on Schedule F hereto); and (x) all copyrights, whether statutory or

common law, owned by or assigned to the Debtor, including the entire goodwill of the Debtor's business connected with the use and symbolized by the trademarks of the Debtor.

"Governmental Authority" shall mean any federal, state, local, foreign or other governmental or administrative (including self-regulatory) body, instrumentality, department or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body including, without limitation, those governing the regulation and protection of the environment.

"Government-Related Collateral" shall mean all right, title and interest of the Debtor in, to and under, or derived from, any and all sale, service or performance (whether or not any such sale, service or performance has occurred) with respect to any contract with any Governmental Authority, including, without limitation, any contract governed by the Federal Assignment of Claims Act.

"Instrument" shall have the meaning assigned to that term under the Uniform Commercial Code.

"Insurance Policies" shall mean all insurance policies held by the Debtor or naming the Debtor as insured, additional insured or loss payee (including, without limitation, casualty insurance, liability insurance, property insurance and business interruption insurance) and all such insurance policies entered into after the date hereof.

"Inventory" shall mean, inclusively, all of the Debtor's inventory (as such term is defined in the UCC), wherever located, and whether now existing or hereafter acquired, including, without limitation, all raw materials, work in process, returned goods, finished goods, consigned goods to the extent of the consignee's interest therein, materials and supplies of any kind or nature which are or might be used in connection with the manufacture, printing, publication, packing, shipping, advertising, selling or finishing of any such goods, and all other products, goods, materials and supplies.

"Licenses" shall mean all of the Debtor's license agreements (including covenants not to sue) in respect of a patent, trademark, tradename, service mark or copyright (other than any existing license agreements or covenants not to sue which by their terms prohibit assignment, transfer or the grant of a security interest by the Debtor or give the other party thereto the right to terminate the same upon an assignment, transfer, or the grant of a security interest thereto), whether the Debtor is a licensor or licensee under any such Licenses, along with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, royalties, damages, claims and payments now and hereafter due and/or payable to the Debtor with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, and (iii) any other rights to use, exploit or practice any patent, trademark, service mark or copyright of the Debtor.

"Lien" shall mean any mortgage, pledge, assignment, security interest, encumbrance, lien or charge of any kind, any conditional sale or other title retention agreement or any lease in the nature thereof (including any agreement to give any of the foregoing), but exclusive of Liens permitted by Section 9.1(c) of the Credit Agreement.

"Materially Adverse Effect" shall mean, (i) with respect to the Debtor, any materially adverse change (after giving effect to the Merger and the financing thereof and the other transactions contemplated hereby and by the Credit Agreement) with respect to the business, franchises, results of operations, assets, liabilities (contingent or otherwise), condition (financial or otherwise) or prospects of the Debtor, or (ii) any fact or circumstance (whether or not the result thereof would be covered by insurance) as to which, singly or in the aggregate, there is a reasonable likelihood of (w) a materially adverse change described in clause (i) with respect to the Debtor, (x) the inability of the Debtor to perform in any material respect its Secured Obligations hereunder or under the Credit Agreement or the inability of the Secured Parties to enforce in any material respect their rights hereunder or under the Credit Agreement or the Secured Obligations (including realizing on the Collateral), (y) a materially adverse effect on the ability to affect (including hindering or unduly delaying) the Merger and the other transactions contemplated hereby and by the Credit Agreement or (z) materially adverse effect on the legality, validity or enforceability of the Merger or this Agreement or the Credit Agreement.

"Pension Plan Reversions" shall mean the Debtor's right to receive the surplus funds, if any, which are payable to the Debtor following the termination of any employee pension plan and the satisfaction of all liabilities of participants and beneficiaries under such plan in accordance with applicable law.

"Person" shall mean and include any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any Governmental Authority.

"Proceeds" shall have the meaning assigned to that term under the Uniform Commercial Code or under other relevant law and, in any event, shall include, without limitation, any and all (i) proceeds of any insurance (except payments made to a Person which is not a party to this Agreement), indemnity, warranty or guaranty payable to the Secured Parties or to the Debtor from time to time with respect to any of the Collateral, (ii) payments (in any form whatsoever) made or due and payable to the Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any person acting on behalf of a Governmental Authority), (iii) Instruments representing obligations to pay amounts in respect of Equipment, General Intangibles, Inventory, Receivables or the Merger Documents, (iv) products of the Collateral, and (v) other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Receivables" shall mean all of the Debtor's accounts (as such term is defined in the UCC) and accounts receivables, and all of the Debtor's rights to payment for goods sold or leased or services performed by the Debtor or any other party, whether now in existence or arising from time to time hereafter, including, without limitation, rights evidenced by an account, note, contract, security agreement, chattel paper, or other evidence of indebtedness or security (including an account, note, contract, security agreement, chattel paper, or other evidence of indebtedness or security related to Government-Related Collateral) together with (i) all security pledged, assigned, hypothecated or granted to or held by the Debtor to secure the foregoing, (ii) general intangibles arising out of the Debtor's rights in any goods, the sale of which gave rise thereto, (iii) all guarantees, endorsements and indemnifications on, or of, any of the foregoing, (iv) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith, and (v) all evidences of the filing of financing statements and other statements and the registration of other instruments in connection therewith and amendments thereto, notices to other creditors or secured parties, and certificates from filing or other registration officers.

"Secured Obligations" shall mean the obligation to promptly pay and perform in full when due, whether at stated maturity, by acceleration or otherwise (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the filing of a petition in bankruptcy or the operation of the automatic stay under Section 362(a) of the Bankruptcy Code) all of the obligations of the Debtor now or hereafter arising under or in respect of the Credit Agreement or this Agreement (including, without limitation, the Debtor's obligations to pay principal and interest and all other charges, fees, expenses, commissions, reimbursements, indemnities and other payments related to or in respect of the obligations contained in the Credit Agreement or this Agreement) or any other obligations owed by Debtor to any of the Lenders, whether now existing or hereafter arising.

"UCC" shall mean the Uniform Commercial Code as in effect from time to time under the laws of the applicable jurisdiction.

Section 2. Grant of Security Interest. As security for the prompt and complete payment and performance when due of all of the Secured Obligations, the Debtor hereby pledges, assigns, transfers and grants to the Secured Parties a continuing first priority security interest in and to the Collateral.

Section 3. No Release. Nothing set forth in this Agreement shall relieve the Debtor from the performance of any term, covenant, condition or agreement on the Debtor's part to be performed or observed under or in respect of any of the Collateral, or from any liability to any Person under or in respect of any of the Collateral, or shall impose any obligation on the Secured Parties to perform or observe any such term, covenant, condition or agreement on the Debtor's part to be so performed or observed, or shall impose any liability on the Secured Parties for any act or omission on the part of the Debtor relating thereto, or for any breach of any representation

or warranty on the part of the Debtor contained in this Agreement or the Credit Agreement, or in respect of the Collateral, or made in connection herewith or therewith. The obligations of the Debtor contained in this Section 3 shall survive the termination of this Agreement and the discharge of the Debtor's other obligations hereunder and under the Credit Agreement.

Section 4. Representations, Warranties and Covenants. The Debtor represents, warrants and covenants as follows:

(a) Necessary Filings. All filings, registrations and recordings necessary, appropriate or reasonably requested by the Secured Parties to create, preserve, protect and perfect the security interest granted by the Debtor to the Secured Parties hereby in respect of the Collateral and required to be made on or before the date hereof have been accomplished. The security interest granted to the Secured Parties pursuant to this Agreement in and to the Collateral constitutes and hereafter will constitute a perfected security interest therein, superior and prior to the rights of all other persons therein and subject to no other Liens. The Debtor shall deliver to the Secured Parties such documents, or shall make such filings, endorse such certificates or otherwise do such things necessary or appropriate to perfect the security interest of the Secured Parties with respect to trucks, buses and motor vehicles under the provisions of the applicable law (including, without limitation, the Uniform Commercial Code) as in effect in the jurisdiction where such trucks, buses and motor vehicles are located or registered, which perfected security interest therein shall be superior and prior to the rights of all other Persons therein and subject to no other Liens.

(b) No Liens. The Debtor is as of the date hereof and, as to Collateral acquired by it from time to time after the date hereof, the Debtor will be, the owner of all Collateral free from any Lien or other right, title or interest of any Person, and the Debtor shall defend the Collateral against all claims and demands of all Persons at any time claiming any interest therein adverse to the Secured Parties.

(c) Other Financing Statements. There is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or any notice of assignment filed with any Governmental Authority under the Federal Assignment of Claims Act in respect of any Government-Related Collateral covering or purporting to cover any interest of any kind in the Collateral, except as set forth on Schedule A hereto, and so long as the Credit Agreement has not been terminated and any of the Secured Obligations remains unpaid, the Debtor shall not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed or to be filed in respect of and covering the security interests granted hereby by the Debtor.

(d) Chief Executive Office; Records. The chief executive office of the Debtor is located at 84 Teed Drive, Randolph, Massachusetts 02368-0165. The Debtor has a place of business in each of Massachusetts, New York, Bangkok, Thailand and Kowloon, Hong Kong.

The Debtor shall not move its chief executive office, except to such new location as the Debtor may establish in accordance with the last sentence of this Section 4(d). All tangible evidence of all Receivables, Pension Plan Reversions, Contracts and General Intangibles of the Debtor and the only original books of account and records of the Debtor relating thereto are, and will continue to be, kept at such chief executive office, or at such new location for such chief executive office as the Debtor may establish in accordance with the last sentence of this Section 4(d). All Receivables, Pension Plan Reversions, Contracts and General Intangibles of the Debtor are, and will continue to be, controlled and monitored (including, without limitation, for general accounting purposes) from such chief executive office location shown above, or such new location as the Debtor may establish in accordance with the last sentence of this Section 4(d). The Debtor shall not establish a new location for its chief executive office nor shall it change its name until (i) it shall have given to the Administrative Agent not less than 45 days' prior written notice of its intention so to do, clearly describing such new location or name (which shall be in the continental United States of America) and providing such other information in connection therewith as the Secured Parties may request, and (ii) with respect to such new location or name, the Debtor shall have taken all action satisfactory to the Secured Parties to maintain the perfection and proof of the security interest of the Secured Parties in the Collateral intended to be granted hereby, including, without limitation, obtaining waivers of landlord's or warehouseman's liens with respect to such new location.

(e) Location of Inventory. All Inventory held on the date hereof by the Debtor is located at one of the locations shown on Schedule B hereto, except for Inventory in transit in the ordinary course of business to or from one or more of such locations. All Inventory now held or subsequently acquired shall be kept at any one of the locations shown on Schedule B, except for Inventory in transit in the ordinary course of business to or from one or more of such locations, or such new location as the Debtor may establish if (i) it shall have given to the Administrative Agent at least 45 days' prior written notice of such intention, clearly describing such new location (which shall be in the continental United States of America) and providing such other information in connection therewith as the Secured Parties may request, and (ii) with respect to such new locations, the Debtor shall have taken all action satisfactory to the Secured Parties to maintain the perfection and proof of the security interest in the Collateral intended to be granted hereby, including, without limitation, obtaining waivers of landlord's or warehouseman's liens with respect to such new location. The Co-Agents shall review and approve the amount of any Inventory currently located at locations in Thailand or Hong Kong (the "Foreign Locations") as shown on Schedule B. The amount of Inventory located in Foreign Locations shall not exceed the amount listed on Schedule B without the prior written consent of the Co-Agents.

(f) Location of Equipment. Except as set forth in Section 4(g) below, all Equipment held on the date hereof by the Debtor is located at one of the locations shown on Schedule C hereto, except that Equipment may be removed from the locations shown on Schedule C hereto solely for the purpose of performing repairs to such Equipment; provided, that immediately upon completion of the repair work, such Equipment shall be returned to the location shown on

Schedule C. All Equipment now held or subsequently acquired shall be kept at any one of the locations shown on Schedule C hereto, or such new location as the Debtor may establish, if (i) it shall have given to the Administrative Agent at least 45 days' prior written notice of such intention, clearly describing such new location (which shall be within the continental United States of America) and providing such other information in connection therewith as the Secured Parties may request, and (ii) with respect to such new location, the Debtor shall have taken all action satisfactory to the Secured Parties to maintain the perfection and proof of the security interest of the Secured Parties in the Collateral intended to be granted hereby, including, without limitation, obtaining waivers of landlord's or warehouseman's liens with respect to such new location.

(g) Location of Trucks, Buses and Motor Vehicles. All trucks, buses and motor vehicles held on the date hereof by the Debtor are registered in the name of the Debtor at one of the locations shown on Schedule D hereto. All trucks, buses and motor vehicles subsequently acquired shall be registered in the name of the Debtor at any one of the locations shown on Schedule D hereto or such new location as the Debtor may establish if (i) it shall have given to the Administrative Agent at least 45 days' prior written notice of such intention, clearly describing such new location (which shall be in the continental United States of America) and providing such other information in connection therewith as the Secured Parties may request, and (ii) with respect to such new location, the Debtor shall have taken all action satisfactory to the Secured Parties to maintain the perfection and proof of the security interest in the Collateral intended to be granted hereby, including, without limitation, the making of such filings, or the endorsing of such certificates of title relating thereto.

(h) Authorization, Enforceability. The Debtor has full corporate power, authority and legal right to pledge and grant a security interest in all the Collateral pursuant to this Agreement, and this Agreement constitutes the legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms.

(i) No Consents, etc. No consent of any other party (including, without limitation, stockholders or creditors of the Debtor or any account debtor under a Receivable) and no consent, authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority (other than a court in connection with the exercise of judicial remedies by the Secured Parties) or regulatory body is required either (x) for the pledge by the Debtor of the Collateral pursuant to this Agreement, or (y) for the execution, delivery or performance of this Agreement by the Debtor, or (z) for the exercise by the Secured Parties of the rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement.

(j) Merger Documents. The Debtor agrees that it shall not suffer or permit any default or event of default on its part to exist under any Merger Document and it shall (a) perform in all material respects all of the agreements, covenants and obligations to be performed by the Debtor pursuant to the Merger Documents, and (b) enforce any and all rights

and exercise any and all remedies under or pursuant to the Merger Documents, in each case, in accordance with the terms thereof.

(k) Collateral. All information set forth herein relating to the Collateral is accurate and complete in all material respects.

Section 5. Incorporation of Credit Agreement. The Debtor hereby repeats each of the representations and warranties made by the Debtor and contained or incorporated by reference in the Credit Agreement as fully as if each such representation and warranty were expressly set forth herein and expressly made herein by the Debtor on and as of the date hereof, each such representation and warranty being incorporated in this Agreement by reference.

Section 6. Covenants.

(a) Protection of the Secured Parties' Security. The Debtor shall not take any action that impairs the rights of the Secured Parties in the Collateral. The Debtor shall at all times keep the Inventory and Equipment insured in favor of the Secured Parties, at the Debtors' own expense, to the Secured Parties' reasonable satisfaction against fire, theft and all other risks to which the Collateral may be subject, in such amounts (but in no event greater than the replacement cost thereof) and with such deductibles as would be maintained by operators of businesses similar to the business of the Debtor or as the Secured Parties may otherwise require. Each policy or certificate with respect to such insurance shall be endorsed to the Secured Parties' satisfaction for the benefit of the Secured Parties (including, without limitation, by naming the Secured Parties as additional named insured and as an additional loss payees) and such policy or certificate shall be delivered to the Administrative Agent, on behalf of the Secured Parties. Each such policy shall state that it cannot be cancelled without 30 days' prior written notice to the Administrative Agent. At least 30 days prior to the expiration of any such policy of insurance, the Debtor shall deliver to the Administrative Agent, on behalf of the Secured Parties, an extension or renewal policy or an insurance certificate evidencing renewal or extension of such policy. If the Debtor shall fail to insure such Collateral to the Secured Parties' reasonable satisfaction or if the Debtor shall fail to so endorse and deposit, or to extend or renew all such insurance policies or certificates with respect thereto, the Secured Parties shall have the right (but shall be under no obligation) to advance funds to procure, renew or extend such insurance, and the Debtor agrees to reimburse the Secured Parties for all costs and expenses thereof, with interest on all such funds from the date advanced, at the highest rate then payable under the Credit Agreement. Except to the extent such proceeds are used to repair, replace or improve damaged Equipment as provided in Section 6(b), the Secured Parties may apply any proceeds of such insurance when received by it toward the payment of any of the Secured Obligations in such order as the Secured Parties shall determine.

(b) Maintenance of Equipment. The Debtor shall cause the Equipment to be maintained and preserved in the same condition, repair and working order as when new, ordinary

wear and tear excepted, and to the extent consistent with past business practice in accordance with any manufacturer's manual, and shall forthwith, or in the case of any loss or damage which (individually or in the aggregate) exceeds \$100,000 to any of the Equipment (of which prompt notice shall be given to the Administrative Agent), as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements and other improvements in connection therewith which are necessary or desirable to such end.

(c) Payment of Taxes; Claims. The Debtor shall pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral.

(d) Further Actions. The Debtor shall, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Administrative Agent, on behalf of the Secured Parties, from time to time such lists, descriptions and designations of the Collateral, copies of warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted, which the Secured Parties deem appropriate or advisable to exercise and enforce their rights and remedies hereunder with respect to any Collateral and to perfect, preserve or protect the security interest in the Collateral created by this Agreement.

(e) Financing Statements. The Debtor shall sign and deliver to the Administrative Agent, on behalf of the Secured Parties, such financing and continuation statements, in form acceptable to the Secured Parties, as may from time to time, be required to continue and maintain a valid, enforceable, first priority security interest in the Collateral as provided herein and the other rights, as against third parties, provided hereby, all in accordance with the Uniform Commercial Code as enacted in any and all relevant jurisdictions or any other relevant law. The Debtor shall pay any applicable filing fees and other expenses related to the filing of such financing and continuation statements. The Debtor authorizes the Administrative Agent, on behalf of the Secured Parties, to file any such financing or continuation statements without the signature of the Debtor.

(f) Warehouse Receipts Non-Negotiable. If any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of the Inventory, the Debtor shall not permit such warehouse receipt or receipt in the nature thereof to be "negotiable" (as such term is used in Section 7-104 of the Code or under other relevant law).

(g) Licenses. The Debtor will not sell, license, amend or permit the amendment of any of the Licenses in any manner adverse to the interests of the Secured Parties without the prior written consent of the Secured Parties.

(h) Nothing in this Section 6 shall be deemed to prohibit (i) the sale of inventory and the collection of receivables by the Debtor in the ordinary course of business, or (ii) the disposition and replacement of obsolete assets to the extent permitted by the Credit Agreement.

Section 7. Reasonable Care. The Secured Parties shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in their possession if such Collateral is accorded treatment substantially equivalent to that which the Secured Parties, in their individual capacity, accord their own property, it being understood that the Secured Parties shall not have responsibility for taking any necessary steps to preserve rights against any Person with respect to any Collateral.

Section 8. Transfers and Other Liens. The Debtor agrees that it will not, except as otherwise expressly permitted by the Credit Agreement (i) sell, convey, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral or (ii) create or permit to exist any Lien upon or with respect to any of the Collateral other than the lien and security interest granted to the Secured Parties under this Agreement.

Section 9. Special Provisions Concerning Receivables.

(a) Representations and Warranties. As of the time when each of its Receivables arises, the Debtor shall be deemed to have represented and warranted that such Receivable and all records, papers and documents relating thereto (i) are genuine and in all material respects what they purport to be, (ii) represent the legal, valid and binding obligation of the account debtor evidencing indebtedness unpaid and owed by such account debtor arising out of the performance of labor or services or the sale or lease and delivery of the merchandise listed therein, or both, (iii) will, except for the original or duplicate original invoice sent to a purchaser evidencing such purchaser's account, be the only original writings evidencing and embodying such obligation of the account debtor named therein, (iv) constitute and evidence true and valid obligations, enforceable in accordance with their respective terms, except as the binding nature thereof may be limited by applicable bankruptcy, insolvency, reorganization or moratorium or other similar laws from time to time in effect affecting the enforcement of creditors' rights and remedies generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and (v) in all material respects are in compliance and conform with all applicable federal, state and local laws and applicable laws of any relevant foreign jurisdiction.

(b) Maintenance of Records. The Debtor shall keep and maintain at its own cost and expense satisfactory and complete records of each Receivable, in a manner consistent with prudent business practices, for at least seven years from the date on which such Receivable comes into existence, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto, and the Debtor shall make the same available to the Secured Parties for inspection, at the Debtor's own

cost and expense, at any and all reasonable times upon demand. Upon the occurrence and during the continuance of an Event of Default, the Debtor shall, at its own cost and expense, deliver all tangible evidence of Receivables (including, without limitation, all documents evidencing Receivables) and such books and records to the Administrative Agent (or to its representatives), on behalf of the Secured Parties, (copies of which evidence and books and records may be retained by the Debtor) at any time upon the Secured Parties' demand. Upon the occurrence and during the continuance of an Event of Default, the Secured Parties may transfer a full and complete copy of the Debtor's books, records, credit information, reports, memoranda and all other writings relating to the Receivables to and for the use by any Person that has acquired or is contemplating acquisition of an interest in the Receivables or the Secured Parties' security interest therein without the consent of the Debtor.

(c) Legend. The Debtor shall legend, in form and manner satisfactory to the Secured Parties, the Receivables and other books, records and documents of the Debtor evidencing or pertaining to the Receivables with an appropriate reference to the fact that the Receivables have been assigned to the Secured Parties and that the Secured Parties have a security interest therein.

(d) Modification of Terms, etc. Subject to the provisions of Section 9(e), the Debtor shall not rescind or cancel any indebtedness evidenced by any Receivable or modify any term thereof or make any adjustment with respect thereto, or extend or renew any such indebtedness, or compromise or settle any dispute, claim, suit or legal proceeding relating thereto, or sell any Receivable or interest therein, without the prior written consent of the Secured Parties. The Debtor shall timely fulfill in all material respects all obligations on its part to be fulfilled under or in connection with the Receivables.

(e) Collection. The Debtor shall take all commercially reasonable actions to cause to be collected from the account debtor of each of the Receivables, as and when due (including, without limitation, Receivables that are delinquent, such Receivables to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Receivable, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivable, except that the Debtor may allow in the ordinary course of business (i) a refund or credit due as a result of returned or damaged or defective merchandise, and (ii) so long as no Event of Default shall exist and be continuing, such extensions of time to pay amounts due in respect of Receivables and such other modifications or payment terms or settlements in respect of Receivables as shall be commercially reasonable in the circumstances, all in accordance with the Debtor's ordinary course of business consistent with its collection practices as in effect from time to time. The costs and expenses of collection (including, without limitation, attorneys' fees and the allocated costs of internal counsel), whether incurred by the Debtor or the Secured Parties, shall be paid by the Debtor. The Secured Parties shall have the right at any time to notify an account debtor or the obligor on any insurance with respect to a Receivable of the security interest herein and to make payment directly to the Administrative Agent, on behalf of the Secured Parties.

(f) Instruments. The Debtor shall deliver to the Administrative Agent, on behalf of the Secured Parties, within five days after receipt thereof by the Debtor, (i) any Instrument (as hereinafter defined) evidencing Receivables which is in the principal amount of \$25,000 or more, and (ii) any other Instrument evidencing Receivables if the principal amount of such Instrument, when added to the principal amounts of all other such Instruments previously delivered to the Debtor, exceeds \$25,000 at any one time outstanding. Any Instrument delivered to the Administrative Agent, on behalf of the Secured Parties, pursuant to this Section 9(f) shall be appropriately endorsed (if applicable) to the order of the Administrative Agent, on behalf of the Secured Parties and shall be held by the Administrative Agent, on behalf of the Secured Parties, as further security hereunder.

(g) Federal Assignment of Claims Act. If any of the Secured Parties so requests, the Debtor agrees to (i) execute and deliver to the Administrative Agent, on behalf of the Secured Parties, from time to time assignments of such the Debtor's right to receive payment under the Collateral to the extent it constitutes Government-Related Collateral, together with proof that the Debtor has filed all requisite notices of assignment and such other instruments of assignment, if any, with the proper governmental authorities, and (ii) execute and deliver such other instruments and take such further steps relating to the Collateral and other rights covered by the security interest hereby granted, which the Secured Parties deems appropriate or advisable to perfect, preserve or protect their security interest in the Government-Related Collateral under the Federal Assignment of Claims Act and the rules and regulations thereunder. This Agreement shall constitute an "instrument of assignment" as that term is used in the Federal Assignment of Claims Act.

Section 10. Remedies.

(a) Obtaining the Collateral Upon Event of Default. If any Event of Default shall have occurred and be continuing, then and in every such case, the Administrative Agent, on behalf of the Secured Parties, may, at any time or from time to time during the continuance of such Event of Default:

(i) Personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from the Debtor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon the Debtor's premises where any of the Collateral is located and remove such Collateral, and use in connection with such removal any and all services, supplies, aids and other facilities of the Debtor;

(ii) Instruct the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, the Receivables and the Merger Documents) constituting the Collateral, to make any payment required by the terms of such instrument or agreement directly to the Administrative Agent, on behalf of the Secured Parties; provided,

however, in the event that any such payments are made directly to the Debtor, the Debtor shall hold such payments in trust and shall segregate all amounts received pursuant thereto in a separate account and pay the same promptly to the Administrative Agent, on behalf of the Secured Parties;

(iii) Sell, assign or otherwise liquidate, or direct the Debtor to sell, assign or otherwise liquidate the Collateral, or any part thereof, and take possession of the proceeds of any such sale, assignment or liquidation;

(iv) Take possession of the Collateral, or any part thereof, by directing the Debtor in writing to deliver the same to the Administrative Agent, on behalf of the Secured Parties, at any place or places designated by the Administrative Agent, in which event the Debtor shall at its own expense: (a) forthwith cause the same to be moved to the place or places so designated by the Administrative Agent and there delivered to the Administrative Agent; (b) store and keep any Collateral so delivered to the Administrative Agent at such place or places pending further action by the Administrative Agent as provided in Section 10(b); and (c) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. The Debtor's obligation to deliver the Collateral is of the essence of this Agreement. Upon application to a court of equity having jurisdiction, the Secured Parties shall be entitled to a decree requiring specific performance by the Debtor of such obligation.

(v) Substitute itself for the Debtor as a party to the Merger Documents and exercise all rights and remedies of the Debtor as the purchaser thereunder in accordance with the terms thereof.

(b) Disposition of the Collateral.

(i) Upon the occurrence and during the continuance of an Event of Default, the Secured Parties may from time to time exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to them, all the rights and remedies of a secured party under the Uniform Commercial Code at the time of an event of default, all the rights and remedies of the Secured Parties under the Federal Assignment of Claims Act to the extent such Act is applicable to the Collateral, as provided in Section 9(g), and the Secured Parties may also, in their sole discretion, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Secured Parties' offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Secured Parties may deem commercially reasonable. Any of the Secured Parties may be the purchaser of any or all of the Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at such sale, to use and apply any of the Secured Obligations owed to such Person as a credit on

account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser at any such sale shall acquire the property sold free from any claim or right on the part of the Debtor, and the Debtor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay or appraisal hereafter enacted. The Secured Parties shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Parties may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Debtor hereby waives, to the fullest extent permitted by law, any claims against the Secured Parties arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Secured Parties accept the first offer received and does not offer such Collateral to more than one offeree.

(ii) the Debtor agrees that, to the extent notice of sale shall be required by law, 10 days' notice from the Administrative Agent, on behalf of the Secured Parties, or from any of the Secured Parties of the time and place of any public sale or of the time after which a private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. No notification need be given to the Debtor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying any right to notification of sale or other intended disposition. In addition to the rights and remedies provided in this Agreement and in the Credit Agreement, the Secured Parties shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

(c) Waiver of Claims. Except as otherwise provided herein, the Debtor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Secured Parties' taking possession, or the Secured Parties' disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Debtor would otherwise have under law, and the Debtor hereby further waives to the extent permitted by applicable law: (i) all damages occasioned by such taking of possession; (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Secured Parties' rights hereunder; and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all rights, title, interest, claim and demand, either at law or in equity, of the Debtor therein and thereto, and shall be a perpetual bar both at law and in equity against the Debtor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under the Debtor.

(d) Certain Sales of Collateral. The Debtor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any foreign Governmental Authority, the Secured Parties may be compelled, with respect to any sale of all or any part of the

Collateral, to limit purchasers to those who meet the requirements of such foreign Governmental Authority. The Debtor acknowledges that any such sales may be at prices and on terms less favorable to the Secured Parties than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner.

Section 11. Application of Proceeds. The proceeds of any Collateral obtained pursuant to the exercise of any remedy set forth in Section 10 shall be applied, together with any other sums then held by the Secured Parties pursuant to this Agreement, promptly by the Administrative Agent, on behalf of the Secured Parties:

First, to the payment of all costs and expenses, fees, commissions and taxes of such sale, collection or other realization, including, without limitation, reasonable compensation to the Secured Parties and their agents and counsel, and all expenses, liabilities and advances made or incurred by the Secured Parties in connection therewith, together with interest on each such amount at the highest rate then in effect under the Credit Agreement;

Second, to the indefeasible payment in full in cash of the Secured Obligations, ratably according to the unpaid amounts thereof, without preference or priority of any kind among amounts so due and payable, except as otherwise provided in the Credit Agreement; and

Third, to the Debtor, or its successors or assigns, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

Section 12. Expenses. The Debtor will upon demand pay to the Administrative Agent, on behalf of the Secured Parties, the amount of any and all reasonable expenses, including the fees and expenses of the Secured Parties' counsel and the fees and expenses of any experts and agents, which the Secured Parties may incur in connection with (i) the collection of the Secured Obligations, (ii) the administration of this Agreement, (iii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iv) the exercise or enforcement of any of the rights of the Secured Parties hereunder, or (v) the failure by the Debtor to perform or observe any of the provisions hereof. All amounts payable by the Debtor under this Section 12 shall be due upon demand and shall be part of the Secured Obligations. The Debtor's obligations under this Section shall survive the termination of this Agreement and the discharge of the Debtor's other obligations hereunder.

Section 13. No Waiver; Cumulative Remedies.

(a) No failure on the part of the Secured Parties to exercise, no course of dealing with respect to, and no delay on the part of the Secured Parties in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy hereunder preclude any other or further exercise thereof or the

) exercise of any other right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

(b) In the event the Secured Parties shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Secured Parties, then and in every such case, the Debtor and the Secured Parties shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Secured Parties shall continue as if no such proceeding had been instituted.

Section 14. Secured Parties' Right to Cure. If the Debtor shall fail to do any act or thing that it has covenanted to do hereunder or if any warranty on the part of the Debtor contained herein shall be breached, the Administrative Agent, on behalf of the Secured Parties, may (but shall not be obligated to) do the same or cause it to be done, or may remedy any such breach, and may expend funds for such purpose. Any and all amounts so expended by the Administrative Agent, on behalf of the Secured Parties, shall be paid by the Debtor promptly upon demand therefor, with interest at the highest rate then in effect under the Credit Agreement during the period from and including the date on which such funds were so expended to the date of repayment. The Debtor's obligations under this Section 14 shall survive the termination of this Agreement and the discharge and the Debtor's other obligations hereunder.

Section 15. Appointment of Attorney-in-Fact. The Debtor hereby appoints the Administrative Agent, on behalf of the Secured Parties, its attorney-in-fact with an interest, with full authority in the place and stead of the Debtor and in the name of the Debtor, or otherwise, from time to time in the Secured Parties' discretion, to take any action and to execute any instrument consistent with the terms of this Agreement and the Credit Agreement which the Secured Parties may deem necessary or advisable to accomplish the purposes of this Agreement. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term of this Agreement. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

Section 16. Indemnity.

(a) Indemnity. The Debtor agrees to indemnify, reimburse and hold the Administrative Agent and the Secured Parties and their respective successors, assigns, employees, agents, attorneys and servants (collectively, "Indemnitees") harmless from and against any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs and expenses (including, without limitation, attorneys' fees and expenses and the allocated costs of internal counsel) of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Agreement or the Credit Agreement or in any other way connected with the

administration of the transactions contemplated hereby or the enforcement of any of the terms hereof, or the preservation of any rights hereunder, or in any way relating to or arising out of the manufacture, processing, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee)), or property damage, or contract claim; provided, that the Debtor shall have no obligation to an Indemnitee hereunder to the extent it is judicially determined by a final order or decree that such indemnified liabilities arise solely from the gross negligence or willful misconduct of that Indemnitee. Upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, judgment or suit, the Debtor shall assume full responsibility for the defense thereof. If any action, suit or proceeding arising from any of the foregoing is brought against any Indemnitee, the Debtor shall, if requested by such Indemnitee, resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel reasonably satisfactory to such Indemnitee. Each Indemnitee shall, unless any other Indemnitee has made the request described in the preceding sentence and such request has been complied with, have the right to employ its own counsel (or internal counsel) to investigate and control the defense of any matter covered by the indemnity set forth in this Section 16, and the fees and expenses of such counsel shall be paid by the Debtor; provided that, only to the extent no conflict exists between or among the Indemnitees as reasonably determined by the Indemnitees, the Debtor shall not be obligated to pay the fees and expenses of more than one counsel for all Indemnitees as a group with respect to any such matter, action, suit or proceeding.

(b) Misrepresentations. Without limiting the application of subsection 16(a), the Debtor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by the Debtor in this Agreement or the Credit Agreement or in any statement or writing contemplated by or made or delivered pursuant to or in connection with this Agreement or the Credit Agreement.

(c) Contribution. If and to the extent that the obligations of the Debtor under this Section 16 are unenforceable for any reason, the Debtor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations that is permissible under applicable law.

(d) Survival. The obligations of the Debtor contained in this Section 16 shall survive the termination of this Agreement and the discharge of the Debtor's other obligations hereunder and under the Credit Agreement.

(e) Reimbursement. Any amounts paid by an Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Collateral.

Section 17. Modifications in Writing. No amendment, modification, supplement, termination or waiver of or to any provision of this Agreement, nor consent to any departure by the Debtor therefrom, shall be effective unless the same shall be in writing and signed by the Administrative Agent, on behalf of the Secured Parties. Any amendment, modification or supplement of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by the Debtor from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or the Credit Agreement, no notice to or demand on the Debtor in any case shall entitle the Debtor to any other or further notice or demand in similar or other circumstances.

Section 18. Termination; Release. When all the Secured Obligations (other than Secured Obligations in the nature of continuing indemnitees or expense reimbursement obligations not yet due and payable) have been indefeasibly paid in full and have been terminated, the commitments of the Secured Parties to make any loan or issue any letter of credit, and all letters of credit issued under the Credit Agreement have expired, this Agreement shall terminate. Upon termination of this Agreement or any release of Collateral in accordance with the provisions of the Credit Agreement, the Secured Parties shall, upon the request and at the expense of the Debtor, forthwith assign, transfer and deliver to the Debtor, against receipt and without recourse to or warranty by the Secured Parties, such of the Collateral to be released as may then be in the possession of the Secured Parties, on the order of and at the expense of the Debtor, and proper instruments (including Uniform Commercial Code termination statements on Form UCC-3) acknowledging the termination of this Agreement or the release of such Collateral, as the case may be.

Section 19. Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, telexed or sent by United States mail, to the Debtor or the Administrative Agent, on behalf of the Secured Parties, as the case may be, addressed to it at the respective address set forth in the Credit Agreement, or at such other address as shall be designated by the Debtor or the Administrative Agent, on behalf of the Secured Parties, as the case may be, in a written notice to the other party complying as to delivery with the terms of this Section 19. All such notices and other communications shall be deemed to have been given when delivered in person, or received by telecopy or telex; or four business days after deposit in the United States mail, registered or certified, with postage prepaid and properly addressed; provided, that notices to the Administrative Agent, on behalf of the Secured Parties, shall not be effective until received by the Administrative Agent.

Section 20. Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the indefeasible payment in full in cash of all Secured Obligations, (ii) be binding upon the Debtor, its successors and assigns, and (iii) inure, together with the rights and remedies of the Secured Parties hereunder, to the benefit of the Secured Parties and their successors, transferees and assigns; no other Persons (including, without limitation, any other creditor of the Debtor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (iii), the Secured Parties may assign or otherwise transfer any indebtedness held by any of them and secured by this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such the Secured Parties, herein or otherwise, subject however, to the provisions of the Credit Agreement.

Section 21. Governing Law; Terms. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the Commonwealth of Massachusetts, without regard to principles of conflicts of laws.

Section 22. Consent to Jurisdiction. All judicial proceedings brought against the Debtor with respect to this Agreement may be brought in any state or federal court of competent jurisdiction in the Commonwealth of Massachusetts and, by execution and delivery of this Agreement, the Debtor accepts for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. The Debtor hereby irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions. Nothing herein shall affect or limit the right of the Secured Parties to bring proceedings against the Debtor in the courts of any other jurisdiction.

Section 23. WAIVER OF JURY TRIAL. THE DEBTOR HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH IT IS A PARTY INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER.

Section 24. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.


Section 25. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereby may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

Section 26. Headings. The Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

Section 27. Future Advances. This Agreement shall secure the payment of any amounts advanced from time to time pursuant to the Credit Agreement.

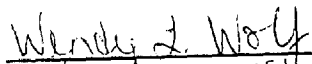
IN WITNESS WHEREOF, the Debtor has caused this Agreement to be executed and delivered under seal by its duly authorized officer as of the date first above written.

FETCO INTERNATIONAL, INC.
as the Debtor

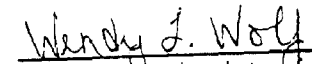
By: 
Name: Peter J. Pascatore
Title: President

ACKNOWLEDGED AND CONSENTED:

FLEET NATIONAL BANK
as Administrative Agent, on
behalf of the Secured Parties

By: 
Name: Wendy L. Wolf
Title: Assistant Vice President

FLEET NATIONAL BANK
as Co-Agent

By: 
Name: Wendy L. Wolf
Title: Assistant Vice President

KEY CORPORATE CAPITAL, INC.
as Co-Agent

By: Harold H. Henderson
Name: HAROLD H. HENDERSON
Title: Vice President

SCHEDULE A

UCC FINANCING STATEMENTS

<u>Location</u>	<u>File Number</u>	<u>Secured Party</u>	
Randolph, MA	93-260	Vector Financial Corporation	Equipment Lease
Randolph, MA	93-261	Vector Financial Corporation	Equipment Lease
Rockland, MA	12499	AT&T Capital Corporation	Equipment Lease
Rockland, MA	12500	Tilden Financial Corporation	Equipment Lease
Rockland, MA	13719	Tilden Financial Corporation	Equipment Lease
MA Secretary of State	172466	Pitney Bowes Credit Corp.	Equipment Lease
MA Secretary of State	206117	Tilden Financial Corporation	Equipment Lease
MA Secretary of State	206118	AT&T Capital Corporation	Equipment Lease
MA Secretary of State	523038	Tilden Financial Corporation	Equipment Lease

UCC Financing Statements also exist for the following two entities at a number of locations; however, these UCC Financing Statements will be released following the closing:

Massachusetts Capital Resources
3L Securities Corporation

SCHEDULE B
LOCATION OF INVENTORY

84 Teed Drive
P.O. Box 165
Randolph, Massachusetts 02368-0165

225 Fifth Avenue, Suite 312
New York, New York 10010

EGI Warehouse, Inc.
56 Oak Hill Way
P.O. Box 3278
Brockton, Massachusetts 02404-3278

Phoenix Warehouse of California, LLC
24620 South Main Street
Carson, California 90745

Romar Transportation Systems
90 Western Avenue
Allston, Massachusetts 02134

Foreign Locations

A.I. Nord Building, 4/F Suite 403
70/7 Tivanond Road, Nondhaburi
Bangkok 11000
Thailand

Current Amount of Inventory

\$ 50,000

Room 402, Austin Tower
22 Austin Avenue
Tsum Sha Tsui,
Kowloon, Hong Kong

\$ 100,000

SCHEDULE C
LOCATION OF EQUIPMENT

84 Teed Drive
P.O. Box 165
Randolph, Massachusetts 02368-0165

225 Fifth Avenue, Suite 312
New York, New York 10010

EGI Warehouse, Inc.
56 Oak Hill Way
P.O. Box 3278
Brockton, Massachusetts 02404-3278

Phoenix Warehouse of California, LLC
24620 South Main Street
Carson, California 90745

Romar Transportation Systems
90 Western Avenue
Allston, Massachusetts 02134

A.I. Nord Building, 4/F Suite 403
70/7 Tivanond Road, Nondhaburi
Bangkok 11000
Thailand

Room 402, Austin Tower
22 Austin Avenue
Tsum Sha Tsui,
Kowloon, Hong Kong

SCHEDULE D
LOCATION OF TRUCKS, BUSES AND MOTOR VEHICLES

84 Teed Drive
P.O. Box 165
Randolph, Massachusetts 02368-0165

SCHEDULE E
PATENTS

<u>Patents/Patent Applications</u>	<u>Registration/Serial Number</u>	<u>Issue/Filing Date</u>	<u>Nature of Interest</u>
SoHo Suspension	29/084996	March 13, 1998	Owner
Triple Screen	29/084959	March 13, 1998	Owner

SCHEDULE F

TRADEMARKS

<u>Trademarks, Trademark Applications, Trade Names and Service Marks/Applications</u>	<u>Registration/Serial Number</u>	<u>Registration/Filing Date</u>	<u>Nature of Interest</u>
Studio Eighty Four	2144,717	March 17, 1998	Owner
Studio Eighty Four	2142,667	March 10, 1998	Owner
Beacon Hill	75/324037	July 14, 1997	Owner
Cornici Milano	75/323950	July 14, 1997	Owner
Fetco	1,882142	March 7, 1995	Owner
Children's Corner	1,773006	May 25, 1993	Owner

TRADOCS: 1095872.4 (nhkw04!.doc)

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

May 13, 1998

Page 2

I, John D. Chambliss, consent to the correction of the typographical error (the registration/serial number of Cornici Milano was changed from 7-323930 to 75/323950) on Schedule F of the Security Agreement made between Fetco International, Inc. and Fleet National Bank.

 Attorney for Borrower

By: John D. Chambliss, Esq.

Title: Borrower's Counsel

TRADOCs: 1101018.1 (nlj%011.doc)

TRADEMARK
REEL: 002561 FRAME: 0809

TRADEMARKS

<u>Mark</u>	<u>Application No.</u>	<u>Owner</u>
FETCO	76/370573	Fetco International, Inc.
FETCO HOME DÉCOR	76/337760	Fetco International, Inc.
LADY GREY	76/287169	Fetco International, Inc.

<u>Mark</u>	<u>Registration No.</u>	<u>Owner</u>
UNION SQUARE	2582757	Fetco International, Inc.
VINTAGE WOODS	2525666	Fetco International, Inc.
VIEWPOINTS	2494784	Fetco International, Inc.
SERENADE	2500751	Fetco International, Inc.
CHILDREN'S CORNER	2314015	Fetco International, Inc.
S STUDIO EIGHTY-FOUR	2174702	Fetco International, Inc.