

02-13-2003



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

To the Honorable Commissioner

Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Channel Master, LLC, a/k/a
Channel Master L.L.C.

- Individual(s)
- General Partnership
- Corporation-State
- Other Delaware limited liability company
- Association
- Limited Partnership

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

3. Nature of conveyance:

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

Execution Date: 12/2/2002

2. Name and address of receiving party(ies)

Name: Comerica Bank, as Agent

Internal Address: One Detroit Center, 9th Floor

Street Address: 500 Woodward Ave.

City: Detroit State: MI Zip: 48226

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other Michigan banking corporation

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) N/A
216103

B. Trademark Registration No.(s) 1,936,178

Additional number(s) attached Yes No

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

Name: Angela Alvarez Sujek

Internal Address: Bodman, Longley & Dahling LLP

Street Address: 110 Miller, Suite 300

City: Ann Arbor State: MI Zip: 48104

6. Total number of applications and registrations involved:

22

7. Total fee (37 CFR 3.41)..... \$ 565.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

ADDITIONAL FEES ONLY: 02-2880

DO NOT USE THIS SPACE

9. Signature.

Angela Alvarez Sujek
Name of Person Signing

Angela Alvarez Sujek
Signature

2/6/03
Date

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

49

02/12/2003 ECDOPER 00000234 1936178

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01 FC:8521
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REEL: 002670 FRAME: 0026

**RECORDATION FORM COVER SHEET
CONTINUATION PAGE TO
SECURITY AGREEMENT BETWEEN
CHANNEL MASTER, LLC and COMERICA BANK**

TRADEMARKS

Serial/Reg. No.	Trademark
1,873,694	SMARTENNA (stylized letters)
1,869,367	MONITENNA
1,776,325	SUPER COLOR-DUCT
1,786,524	CHANNEL MASTER
1,342,339	MISCELLANEOUS DESIGN
1,292,704	MICRO-BEAM
1,216,521	FEEDER-PAK
1,248,040	CHANNEL MASTER
1,008,341	QUANTUM
982,486	CHANNEL KING
790,977	COLORAY
781,283	JOIN-TENNA
743,331	CHANNEL MASTER
742,573	DURA-TUBE
738,181	CROSSFIRE
693,777	CHANNEL MASTER
672,160	PARA-SCOPE
598,429	CHANNEL MASTER (stylized letters)
2,600,191	INTERACTIVE SATELLITE SOLUTION (and Design)
2,616,404	CHANNEL MASTER
2,402,707	STEALTHTENNA

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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2,616,404	CHANNEL MASTER
2,402,707	STEALTHTENNA

AnnArbor 57574_1

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REEL: 002670 FRAME: 0030**

**AMENDED, RESTATED AND CONSOLIDATED
SECURITY AGREEMENT**

THIS AMENDED, RESTATED AND CONSOLIDATED SECURITY AGREEMENT (the "Agreement") dated as of December 2, 2002, is entered into by and among Channel Master LLC (the "Company"), each subsidiary of the Company listed on the signature pages hereof, and such other entities which from time to time become parties hereto (collectively, including the Company, the "Debtors" and individually each a "Debtor") and Comerica Bank, a Michigan banking corporation ("Comerica"), as Collateral Agent for and on behalf of the Lenders (as defined below) (in such capacity, the "Collateral Agent"). The addresses of the Debtors and the Collateral Agent are set forth on the signature pages.

RECITALS:

A. The Company, Channel Master Holdings, Inc. ("Holdings"), certain Subsidiaries of the Company, each of the financial institutions party thereto (collectively, including their respective successors and assigns, the "Lenders"), Salomon Smith Barney, Inc. f/k/a Salomon Brothers, Inc., as Syndication Agent ("Syndication Agent") and Comerica Bank, as Administrative Agent and Collateral Agent for the Lenders, entered into that certain Credit Agreement dated as of October 10, 1997 (as amended prior to the Effective Date of this Agreement, the "Prior Credit Agreement").

B. The parties to the Prior Credit Agreement have agreed to amend and restate their rights and obligations under the Prior Credit Agreement, and the Lenders have agreed, subject to the satisfaction of certain terms and conditions, to extend or to continue to extend financial accommodations to the Company, pursuant to that certain Amended and Restated Credit Agreement dated as of December 2, 2002, by and among the Company, Holdings, the other Debtors, the Lenders party thereto, the Syndication Agent and the Collateral Agent (as amended or otherwise modified from time to time, the "Credit Agreement").

C. Each of the Debtors (other than the Company) has previously executed and delivered to the Collateral Agent certain Guaranties dated as of October 10, 1997 and November 30, 1999 (collectively, the "Guaranties") pursuant to which such parties have agreed to guarantee the Company's obligations under the Prior Credit Agreement. In connection with the Credit Agreement, the Guaranties have been reaffirmed pursuant to that certain Reaffirmation of Certain Loan Documents executed by Holdings, the Company and the other Debtors dated as of December 2, 2002.

D. Each of the Debtors has previously executed and delivered to the Collateral Agent certain Security Agreements dated as of October 10, 1997 and November 30, 1999 (collectively, the "Security Agreements") and the Company has also previously executed and delivered to the Collateral Agent a Company Pledge Agreement dated as of October 10, 1997 (the "Pledge

Agreement and collectively with the Security Agreements, the “Prior Loan Documents”) which the parties desire to consolidate and amend and restate in their entirety.

E. It is a condition to the effectiveness of the Credit Agreement that the Debtors execute and deliver this Agreement.

F. The Collateral Agent is acting as Collateral Agent for the Lenders pursuant to Article VIII of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree that the Prior Loan Documents are consolidated, amended and restated in their entirety as follows:

ARTICLE 1 **Definitions**

Section 1.1 Definitions. As used in this Agreement, capitalized terms not otherwise defined herein have the meaning provided for such terms in the Credit Agreement. References to “Sections,” “subsections,” “Exhibits” and “Schedules” shall be to Sections, subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. All references to statutes and regulations shall include any amendments of the same and any successor statutes and regulations. References to particular sections of the UCC should be read to refer also to parallel sections of the Uniform Commercial Code as enacted in each state or other jurisdiction where any portion of the Collateral is or may be located.

The following terms have the meanings indicated below, all such definitions to be equally applicable to the singular and plural forms of the terms defined:

“Account” means any “account,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all rights of such Debtor to payment for goods sold or leased or services rendered, whether or not earned by performance, (b) all accounts receivable of such Debtor, (c) all rights of such Debtor to receive any payment of money or other form of consideration, (d) all security pledged, assigned or granted to or held by such Debtor to secure any of the foregoing, (e) all guaranties of, or indemnifications with respect to, any of the foregoing, and (f) all rights of such Debtor as an unpaid seller of goods or services, including, but not limited to, all rights of stoppage in transit, replevin, reclamation and resale.

“Chattel Paper” means any “chattel paper,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and shall include electronic chattel paper and tangible chattel paper.

“Collateral” has the meaning specified in Section 2.1 of this Agreement.

“Commercial Tort Claim” shall mean a claim arising in tort with respect to which: (a) the claimant is an organization; or (b) the claimant is an individual and the claim: (i) arose in the

course of the claimant's business or profession; and (ii) does not include damages arising out of personal injury to or the death of an individual.

"Computer Records" has the meaning specified in Section 2.1(g) of this Agreement.

"Default" has the meaning specified in the Credit Agreement.

"Deposit Account" shall mean a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

"Document" means any "document," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, including, without limitation, all documents of title and all receipts covering, evidencing or representing goods now owned or hereafter acquired by a Debtor.

"Equipment" means any "equipment," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor and, in any event, shall include, without limitation, all machinery, equipment, furniture, trade fixtures, tractors, trailers, rolling stock, vessels, aircraft and vehicles now owned or hereafter acquired by such Debtor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"Event of Default" has the meaning specified in the Credit Agreement.

"General Intangibles" means any "general intangibles," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all of such Debtor's patents, copyrights, trademarks, service marks, trade names, trade secrets, registrations, goodwill, franchises, licenses, permits, proprietary information, customer lists, designs, inventions and all other intellectual property and proprietary rights, including without limitation those described on Schedule E attached hereto and incorporated herein by reference (collectively, the "Intellectual Property Collateral"); (b) all of such Debtor's books, records, data, plans, manuals, computer software, computer tapes, computer disks, computer programs, source codes, object codes and all rights of such Debtor to retrieve data and other information from third parties; (c) all of such Debtor's contract rights, commercial tort claims, partnership interests, membership interests, joint venture interests, securities, deposit accounts, investment accounts and certificates of deposit; (d) all rights of such Debtor to payment under chattel paper, documents, instruments and similar agreements; (e) letters of credit, letters of credit rights supporting obligations and rights to payment for money or funds advanced or sold of such Debtor; (f) all tax refunds and tax refund claims of such Debtor; (g) all choses in action and causes of action of such Debtor (whether arising in contract, tort or otherwise and whether or not currently in litigation) and all judgments in favor of such Debtor; (h) all rights and claims of such Debtor under warranties and indemnities; and (i) all rights of such Debtor under any insurance, surety or similar contract or arrangement.

“Governmental Authority” shall mean any nation or government, any state, province or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Instrument” means any “instrument,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include all promissory notes (including without limitation, the Intercompany Notes of such Debtor), drafts, bills of exchange and trade acceptances, whether now owned or hereafter acquired.

“Insurance Policies” shall mean all insurance policies held by a Debtor or naming a 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 other than insurance policies (or certificates of insurance evidencing such insurance policies) relating to health and welfare insurance and life insurance policies in which a Debtor is not named as beneficiary (i.e., insurance policies that are not "Key Man" insurance policies).

“Intellectual Property Collateral” is defined in clause (a) of the definition of General Intangibles.

“Intercompany Note” shall mean the notes issued to evidence intercompany loans and advances in accordance with the Credit Agreement.

“Inventory” means any “inventory,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all goods and other personal property of such Debtor that are held for sale or lease or to be furnished under any contract of service; (b) all raw materials, work-in-process, finished goods, supplies and materials of such Debtor; (c) all wrapping, packaging, advertising and shipping materials of such Debtor; (d) all goods that have been returned to, repossessed by or stopped in transit by such Debtor; and (e) all Documents evidencing any of the foregoing.

“Investment Property” means any “investment property” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and in any event, shall include without limitation all shares of stock and other equity, partnership or membership interests constituting securities, of the U.S. Subsidiaries of such Debtor from time to time owned or acquired by such Debtor in any manner (including, without limitation, the Pledged Shares), and the certificates and all dividends, cash, instruments, rights and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any or all of such shares.

“Lenders” has the meaning specified in the Credit Agreement.

“Letter of Credit Right” shall mean a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment

or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

“Loan Documents” has the meaning specified in the Credit Agreement.

“Obligations” has the meaning specified in the Credit Agreement.

“Pension Plan Reversions” shall mean a Debtor’s right to receive surplus funds, if any, which are payable to such 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.

“Permitted Encumbrances” shall mean any lien or encumbrance which is a Permitted Encumbrance under the Credit Agreement.

“Pledged Shares” means the shares of capital stock or other equity, partnership or membership interests described on Schedule D attached hereto and incorporated herein by reference.

“Proceeds” means any “proceeds,” as such term is defined in Article or Chapter 9 of the UCC and, in any event, shall include, but not be limited to, (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to a Debtor from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to a 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, or purporting to act, for or on behalf of any governmental authority), and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

“Records” is defined in Section 4.9 of this Agreement.

“Software” means all (i) computer programs and supporting information provided in connection with a transaction relating to the program, and (ii) computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the program whether or not the program is associated with the goods in such a manner that it customarily is considered part of the goods, and whether or not, by becoming the owner of the goods, a Person acquires a right to use the program in connection with the goods, and whether or not the program is embedded in goods that consist solely of the medium in which the program is embedded.

“Subsidiary” has the meaning specified in the Credit Agreement.

“UCC” means the Uniform Commercial Code as in effect in the State of New York; provided, that if, by applicable law, the perfection or effect of perfection or non-perfection of the security interest created hereunder in any Collateral is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, “UCC” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or the effect of perfection or non-perfection.

ARTICLE 2
Security Interest

Section 2.1 Security Interest. As collateral security for the prompt payment and performance in full when due of the Obligations (whether at stated maturity, by acceleration or otherwise), each Debtor hereby pledges and assigns (as collateral) to the Collateral Agent, and grants the Collateral Agent a continuing lien on and security interest in, all of such Debtor's right, title and interest in and to the following, whether now owned or hereafter arising or acquired and wherever located (collectively, the "Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all General Intangibles;
- (d) all Equipment;
- (e) all Inventory;
- (f) all Documents;
- (g) all Instruments;
- (h) all Letter of Credit Rights;
- (i) all Commercial Tort Claims;
- (j) all Deposit Accounts;
- (k) all Insurance Policies;
- (l) all Pension Plan Reversions;
- (m) all computer records ("Computer Records") and Software, whether relating to the foregoing Collateral or otherwise, but in the case of such Software, subject to the rights of any non-affiliated licensee of software and any cash collateral, deposit account or investment account established or maintained hereunder, including without limitation under Section 6.3 hereof;
- (n) all Investment Property;
- (o) all Intercompany Notes; and
- (p) the Proceeds, in cash or otherwise, of any of the property described in the foregoing clauses (a) through (o) and all liens, security, rights, remedies and claims of such Debtor with respect thereto;

provided, however, that "Collateral" shall not include rights under or with respect to any General Intangible, license, permit or authorization to the extent any such General Intangible, license, permit or authorization, by its terms or by law, prohibits the assignment of, or the granting of a security interest in, the rights of the applicable Debtor thereunder or which would be invalid or unenforceable upon any such assignment or grant. The pledge and grant of a security interest in Proceeds shall not be deemed to give the applicable Debtor any right to dispose of any of the Collateral, except as may otherwise be permitted herein or in the Credit Agreement.

Section 2.2 Debtors Remain Liable. Notwithstanding anything to the contrary contained herein, (a) each Debtor shall remain liable under the contracts, agreements, documents and instruments included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent or any Lender of any of their respective rights or remedies hereunder shall not release any Debtor from any of its duties or obligations under the contracts, agreements, documents and instruments included in the Collateral, and (c) neither the Collateral Agent nor any of the Lenders shall have any indebtedness, liability or obligation (by assumption or otherwise) under any of the contracts, agreements, documents and instruments included in the Collateral by reason of this Agreement, and none of such parties shall be obligated to perform any of the obligations or duties of the Debtors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 2.3 Delivery of Collateral. All certificates or instruments representing or evidencing the Pledged Shares or any Debtor's rights therein, promptly upon a Debtor gaining any rights therein, shall be delivered to and held by or on behalf of the Collateral Agent pursuant hereto in suitable form for transfer by delivery, or accompanied by duly executed stock powers or instruments of transfer or assignments in blank, all in form and substance reasonably satisfactory to the Collateral Agent.

ARTICLE 3 **Representations and Warranties**

To induce the Collateral Agent and Lenders to enter into this Agreement and the Credit Agreement, each Debtor represents and warrants to the Collateral Agent and to each Lender that as of the date hereof:

Section 3.1 Title. Such Debtor is, and with respect to Collateral acquired after the date hereof such Debtor will be, the legal and beneficial owner of the Collateral free and clear of any Lien or other encumbrance, except for the Permitted Encumbrances and the other Liens permitted under Section 6.02 of the Credit Agreement, provided that, other than the Lien established hereby and the Lien in favor of the holders of the Senior Subordinated Holdings Notes (as defined in the Credit Agreement) permitted under and pursuant to the terms of the Credit Agreement and the Subordination Agreement (as defined in the Credit Agreement), no Lien on the Investment Property shall constitute a Permitted Encumbrance or a Lien otherwise permitted under Section 6.02 of the Credit Agreement.

Section 3.2 Financing Statements. No financing statement, security agreement or other Lien instrument covering all or any part of the Collateral is on file in any public office with respect to any outstanding obligation of such Debtor except (i) as may have been filed in favor of the Collateral Agent pursuant to this Agreement and the other Loan Documents and (ii) financing statements filed to perfect Permitted Encumbrances or other Liens permitted under Section 6.02 of the Credit Agreement. As of the date hereof, and to the best of such Debtor's knowledge, except as otherwise disclosed on Schedule F hereto, such Debtor does not do business and has not done business under a trade name or any name other than its legal name set forth at the beginning of this Agreement.

Section 3.3 Principal Place of Business; Registered Organization. The principal place of business and chief executive office of each Debtor, and the office where each Debtor keeps its books and records, is located at the address of such Debtor shown on the signature page hereto or such new location as such Debtor may establish in accordance with Section 4.8 of this Agreement. Each Debtor is duly organized and validly existing as a corporation (or other business organization) under the laws of its jurisdiction of organization, as set forth on Schedule C, and has the registration number set forth on such Schedule C.

Section 3.4 Location of Collateral. All Inventory (except Inventory in transit) and Equipment (other than vehicles) of the Debtors in the possession of the Debtors are located at the places specified on Schedule A hereto or such new location as such Debtor may establish in accordance with Section 4.10 hereof. If any such location is leased by a Debtor as of the date hereof, the name and address of the landlord leasing such location is identified on Schedule A hereto. None of the Inventory or Equipment of the Debtors (other than trailers, rolling stock, vessels, aircraft and vehicles) is evidenced by a Document (including, without limitation, a negotiable document of title). All certificates of the Debtors representing shares of stock of any U.S. Subsidiary (including, without limitation, the Pledged Shares) will be delivered to the Collateral Agent, accompanied by duly executed stock powers or instruments of transfer or assignments in blank with respect thereto.

Section 3.5 Perfection. Upon the filing of Uniform Commercial Code financing statements in the jurisdictions listed on Schedule B attached hereto, and upon the Collateral Agent's obtaining possession of the certificates evidencing the Pledged Shares accompanied by duly executed stock powers or instruments of transfer or assignments in blank, or upon the execution and delivery of control agreements or similar documentation (with respect to any cash collateral or deposit account established hereunder), the security interest in favor of the Collateral Agent created herein will constitute a valid and perfected Lien upon and security interest in the Collateral which may be created and perfected under the UCC by filing financing statements or obtaining possession thereof, subject to: (i) no other Liens with respect to the Pledged Shares and (ii) only those Liens (if any) which constitute Permitted Encumbrances or other Liens permitted under Section 6.02 of the Credit Agreement with respect to all other Collateral.

Section 3.6 Pledged Shares.

- (a) The Pledged Shares that are shares of a corporation have been duly authorized and validly issued and are fully paid and nonassessable, and the Pledged Shares

that are membership interests or partnership units (if any) have been validly granted, under the laws of the jurisdiction of organization of the issuers thereof, and, to the extent applicable, are fully paid and nonassessable. No such membership or partnership interests constitute "securities" within the meaning of Article 8 of the UCC, and each Debtor covenants and agrees not to allow any such membership or partnership interest to become "securities" for purposes of Article 8 of the UCC.

- (b) Each applicable Debtor is the legal and beneficial owner of the Pledged Shares, free and clear of any Lien (other than the Liens created by this Agreement), and no applicable Debtor has sold, granted any option with respect to, assigned, transferred or otherwise disposed of any of its rights or interest in or to the Pledged Shares. None of the Pledged Shares are subject to any contractual or other restrictions upon the pledge or other transfer of such Pledged Shares, other than those imposed by securities laws generally. No issuer of Pledged Shares is party to any agreement granting "control" (as defined in Section 8-106 of the UCC) of such Debtor's Pledged Shares to any third party. All such Pledged Shares are held by each Debtor directly and not through any securities intermediary.
- (c) On the date hereof, the Pledged Shares constitute the percentage of the issued and outstanding shares of stock, partnership units or membership interests of the issuers thereof indicated on Schedule D and such schedule contains a description of all shares of capital stock, membership interests and other equity interests of or in any U.S. Subsidiaries owned by the Debtors (as such Schedule D may from time to time be supplemented, amended or modified in accordance with the terms of this Agreement).

Section 3.7 Intellectual Property. Schedule E is a true, accurate and complete list of all patents, trademarks, copyrights and other intellectual property owned or licensed (pursuant to an exclusive or non-exclusive license) by the Debtors (as such Schedule E may from time to time be supplemented, amended or modified in accordance with the terms of this Agreement), and except as otherwise indicated on Schedule E, all such intellectual property has been registered or filed with the U.S. Patent and Trademark Office or the U.S. Copyright Office, as applicable.

Section 3.8 Authorization, Enforceability. Each Debtor has the requisite 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 each Debtor, enforceable against each Debtor in accordance with its terms.

Section 3.9 No Consents, etc. No consent of any party (including, without limitation, stockholders or creditors of any Debtor or any account debtor under an Account) and no consent, authorization, approval, license or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required on the date hereof for (i) the pledge by the Debtors of the Collateral pursuant to this Agreement or execution, delivery or performance of this Agreement by the Debtors, (ii) the exercise by Collateral Agent of the rights

provided for in this Agreement, or (iii) the exercise by Collateral Agent of the remedies in respect of the Collateral pursuant to this Agreement.

Section 3.10 Information. All information set forth herein, including the Schedules annexed hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Lender in connection with this Agreement, in each case, relating to the Collateral is accurate and complete in all respects.

ARTICLE 4 **Covenants**

Each Debtor covenants and agrees with the Collateral Agent that until the Obligations are paid and performed in full and all commitments to lend or provide other credit accommodations under the Credit Agreement have been terminated:

Section 4.1 Encumbrances. The Debtors shall not create, permit or suffer to exist, and shall defend the Collateral against, any Lien (other than the Liens created by this Agreement, the Permitted Encumbrances or other Liens permitted under Section 6.02 of the Credit Agreement) or any restriction upon the pledge or other transfer thereof (other than as provided in the Credit Agreement), and shall, subject only to the Permitted Encumbrances and the other Liens permitted under Section 6.02 of the Credit Agreement, defend the Debtors' title to and other rights in the Collateral and the Collateral Agent's pledge and collateral assignment of and security interest in the Collateral against the claims and demands of all Persons. Except to the extent permitted by the Credit Agreement or in connection with any release of Collateral under Section 7.13 hereof (but only to the extent of any Collateral so released), the Debtors shall do nothing to impair the rights of the Collateral Agent in the Collateral.

Section 4.2 Collection of Accounts and Contracts. Each Debtor shall, in accordance with its usual business practices, endeavor to collect or cause to be collected from each account debtor under its Accounts, as and when due, any and all amounts owing under such Accounts.

Section 4.3 Disposition of Collateral. To the extent prohibited by the terms of the Credit Agreement, none of the Debtors shall enter into or consummate any transfer or other disposition of assets without the prior written consent of the Lenders, according to the terms of the Credit Agreement.

Section 4.4 Further Assurances. At any time and from time to time, upon the request of the Collateral Agent, and at the sole expense of the Debtors, the Debtors shall promptly execute and deliver all such further agreements, documents and instruments and take such further action as the Collateral Agent may reasonably deem necessary or appropriate to preserve and perfect its security interest in and pledge and collateral assignment of the Collateral and carry out the provisions and purposes of this Agreement or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral. Except as otherwise expressly permitted by the terms of the Credit Agreement relating to disposition of assets except for Permitted Encumbrances and other Liens permitted by Section

6.02 of the Credit Agreement, the Debtors agree to maintain and preserve the Collateral Agent's security interest in and pledge and collateral assignment of the Collateral hereunder. Without limiting the generality of the foregoing, the Debtors shall (a) execute and deliver to the Collateral Agent such financing statements as the Collateral Agent may from time to time require; and (b) execute and deliver to the Collateral Agent such other agreements, documents and instruments, including without limitation control agreements or stock powers, as the Collateral Agent may require to perfect and maintain the validity, effectiveness and priority of the Liens intended to be created by the Loan Documents. The Debtors authorize the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of the Debtors unless otherwise prohibited by law.

Section 4.5 Insurance. The Collateral pledged by such Debtor or the Debtors will be insured (to the extent such Collateral is insurable) with insurance coverage in such amounts and of such types as are customarily carried by companies similar in size and nature. In the case of all such insurance policies, each such Debtor shall designate the Collateral Agent, as mortgagee or lender loss payee and such policies shall provide that any loss be payable to the Collateral Agent, as mortgagee or lender loss payee, as its interests may appear. Further, upon the request of the Collateral Agent, each such Debtor shall deliver certificates evidencing such policies, including all endorsements thereon and those required hereunder, to Collateral Agent; and each such Debtor assigns to Collateral Agent, as additional security hereunder, all its rights to receive proceeds of insurance with respect to the Collateral. All such insurance shall, by its terms, provide that the applicable carrier shall, prior to any cancellation before the expiration date thereof, mail thirty (30) days' prior written notice to the Collateral Agent of such cancellation. Each Debtor further shall provide Collateral Agent upon request with evidence reasonably satisfactory to Collateral Agent that each such Debtor is at all times in compliance with this paragraph. Upon the occurrence and during the continuance of an Event of Default, Collateral Agent may act as each such Debtor's attorney-in-fact in obtaining, adjusting, settling and compromising such insurance and endorsing any drafts. Upon any Debtor's failure to insure the Collateral as required in this covenant, Collateral Agent may procure such insurance and its costs therefor shall be charged to Debtors, payable on demand, with interest at the highest rate set forth in the Credit Agreement and added to the Obligations secured hereby. The disposition of proceeds payable to such Debtor of any insurance on the Collateral ("Insurance Proceeds") shall be governed by the following:

(i) provided that no Event of Default has occurred and is continuing hereunder, (a) if the amount of Insurance Proceeds in respect of any loss or casualty does not exceed Two Hundred Fifty Thousand Dollars (\$250,000), such Debtor shall be entitled, in the event of such loss or casualty, to receive all such Insurance Proceeds and to apply the same toward the replacement of the Collateral affected thereby or to the purchase of other assets to be used in such Debtor's business (provided that such assets shall be subjected to a first lien in favor of Collateral Agent); and (b) if the amount of Insurance Proceeds in respect of any loss or casualty exceeds Two Hundred Fifty Thousand Dollars (\$250,000), such Insurance Proceeds shall be paid to and received by Collateral Agent, for release to such Debtor for the replacement of the Collateral affected thereby or to the purchase of other assets to be used in such Debtor's business (provided that such assets shall be subjected to a first lien in favor of Collateral Agent); or, upon written request of such Debtor (accompanied by reasonable supporting documentation),

for such other use or purpose as approved by the Required Lenders, in their reasonable discretion, it being understood and agreed in connection with any release of funds under this subparagraph (i), that the Collateral Agent and the Required Lenders may impose reasonable and customary conditions on the disbursement of such Insurance Proceeds; and

(ii) if an Event of Default has occurred or is continuing and is not waived as provided in the Credit Agreement, all Insurance Proceeds in respect of any loss or casualty shall be paid to and received by the Collateral Agent, to be applied by the Collateral Agent against the Obligations and/or to be held by the Collateral Agent as cash collateral for the Obligations, as the Required Lenders may direct in their sole discretion.

Section 4.6 Bailees. If any of the Collateral is at any time in the possession or control of any warehouseman, bailee or any of the Debtors' agents or processors, the Debtors shall notify the Collateral Agent (and revise Schedule A to this Agreement to this effect), and at the request of the Collateral Agent, notify such warehouseman, bailee, agent or processor of the security interest created hereunder, shall instruct such Person to hold such Collateral for the Collateral Agent's account subject to the Collateral Agent's instructions and shall obtain for the Collateral Agent such Person's acknowledgment of the same.

Section 4.7 Furnishing of Information and Inspection Rights. Each Debtor will, at any time and from time to time during regular business hours, upon reasonable advance notice (except if any Event of Default has occurred and is continuing, when no prior notice shall be required), permit the Collateral Agent, or its agents or representatives, to examine all Records, to visit the offices and properties of such Debtor for the purpose of examining such Records, and to discuss matters relating to such Debtor's performance hereunder and under the other Credit Agreement with any of the officers, directors, employees or independent public accountants of such Debtor having knowledge of such matters; provided, however, that the Collateral Agent acknowledges that, in exercising the rights and privileges conferred in this Section 4.7, it or its agents and representatives may, from time to time, obtain knowledge of information, practices, books, correspondence and records of a confidential nature and in which such Debtor has a proprietary interest. The Collateral Agent agrees that all such information, practices, books, correspondence and records are to be regarded as confidential information and agrees that it shall be subject to Section 9.12 of the Credit Agreement. Notwithstanding anything to the contrary in this Agreement or in Section 9.12 of the Credit Agreement, the Collateral Agent may reply to a request from any Person for information related to any Collateral referred to in any financing statement filed to perfect the security interest and liens established hereby, to the extent necessary to maintain the perfection or priority of such security interests or liens, or otherwise required under applicable law. Furthermore, such Debtor shall permit the Collateral Agent and its representatives to examine, inspect and audit the Collateral and to examine, inspect and audit such Debtor's books and Records to the extent provided under the Credit Agreement.

Section 4.8 Corporate Changes. None of the Debtors shall change its name, identity or corporate structure in any manner that might make any financing statement filed in connection with this Agreement seriously misleading within the meaning of Section 9-506 of the UCC or otherwise ineffective unless such Debtor shall have given the Collateral Agent thirty (30) days prior written notice with respect to any proposed change in its corporate structure, name or

identity and shall have taken all action deemed necessary by the Collateral Agent to protect its Liens and the perfection and priority thereof. None of the Debtors shall change its jurisdiction of organization without the prior written consent of the Collateral Agent, and shall take all action deemed necessary by the Collateral Agent to protect its Liens and the perfection and priority thereof. Each Debtor shall give prompt written notice of any change in its principal place of business, chief executive office or the place where it keeps its books and records.

Section 4.9 Books and Records. Each Debtor shall keep accurate and complete books and records (the "Records") of the Collateral and such Debtor's business and financial condition in accordance with the Credit Agreement.

Section 4.10 Equipment and Inventory.

- (a) Each Debtor shall keep the Equipment (other than vehicles) and Inventory (other than Inventory in transit) which is in such Debtor's possession or in the possession of any bailee or warehouseman at any of the locations specified on Schedule A hereto or, upon prompt written notice to the Collateral Agent, at such other places within the United States of America where all action required to perfect the Collateral Agent's security interest in the Equipment and Inventory with the priority required by this Agreement shall have been taken.
- (b) Each Debtor shall maintain the Equipment and Inventory in accordance with the terms of the Credit Agreement.

Section 4.11 Notification. The Debtors shall promptly notify the Collateral Agent in writing of any Lien, encumbrance or claim (other than a Permitted Encumbrance or other Liens permitted under Section 6.02 of the Credit Agreement, to the extent not otherwise subject to any notice requirements under the Credit Agreement) that has attached to or been made or asserted against any of the Collateral upon becoming aware of the existence of such Lien, encumbrance or claim.

Section 4.12 Collection of Accounts. So long as no Event of Default has occurred and is continuing and except as otherwise provided in Section 6.3, the Debtors shall have the right to collect and receive payments on the Accounts, and to use and expend the same in its operations in each case in compliance with the terms of each of the Credit Agreement.

Section 4.13 Voting Rights; Distributions, Etc.

- (a) So long as no Event of Default shall have occurred and be continuing (both before and after giving effect to any of the actions or other matters described in clauses (i) or (ii) of this subparagraph):
 - (i) The Debtors shall be entitled to exercise any and all voting and other consensual rights (including, without limitation, the right to give consents, waivers and ratifications) pertaining to any of the Pledged Shares or any part thereof; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken without the prior written consent of the Collateral Agent

which would violate any provision of this Agreement or the Credit Agreement; and

- (ii) Except as otherwise provided by the Credit Agreement, the Debtors shall be entitled to receive and retain any and all dividends, distributions and interest paid in respect to any of the Pledged Shares.

(b) Upon the occurrence and during the continuance of an Event of Default:

- (i) The Collateral Agent may, without notice to the Debtor, transfer or register in the name of the Collateral Agent or any of its nominees, for the equal and ratable benefit of the Lenders, any or all of the Pledged Shares and the Proceeds thereof (in cash or otherwise) held by the Collateral Agent hereunder, and the Collateral Agent or its nominee may thereafter, after delivery of notice to the Debtor, exercise all voting and corporate rights at any meeting of any corporation issuing any of the Pledged Shares and any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Shares as if the Collateral Agent were the absolute owner thereof, including, without limitation, the right to exchange, at its discretion, any and all of the Pledged Shares upon the merger, consolidation, reorganization, recapitalization or other readjustment of any corporation issuing any of such Pledged Shares or upon the exercise by any such issuer or the Collateral Agent of any right, privilege or option pertaining to any of the Pledged Shares, and in connection therewith, to deposit and deliver any and all of the Pledged Shares with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Collateral Agent may determine, all without liability except to account for property actually received by it, but the Collateral Agent shall have no duty to exercise any of the aforesaid rights, privileges or options, and the Collateral Agent shall not be responsible for any failure to do so or delay in so doing.

- (ii) All rights of the Debtors to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Section 4.13(a)(i) and to receive the dividends, interest and other distributions which it would otherwise be authorized to receive and retain pursuant to Subsection 4.13(a)(ii) shall be suspended until such Event of Default shall no longer exist, and all such rights shall, until such Event of Default shall no longer exist, thereupon become vested in the Collateral Agent which shall thereupon have the sole right to exercise such voting and other

consensual rights and to receive, hold and dispose of as Pledged Shares such dividends, interest and other distributions.

- (iii) All dividends, interest and other distributions which are received by the Debtors contrary to the provisions of this Section 4.13(b) shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Debtors and shall be forthwith paid over to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement).
- (iv) The Debtors shall execute and deliver (or cause to be executed and delivered) to the Collateral Agent all such proxies and other instruments as the Collateral Agent may reasonably request for the purpose of enabling the Collateral Agent to exercise the voting and other rights which it is entitled to exercise pursuant to this Section 4.13(b) and to receive the dividends, interest and other distributions which it is entitled to receive and retain pursuant to this Section 4.13(b). The foregoing shall not in any way limit the Collateral Agent's power and authority granted pursuant to Section 5.1 of this Agreement.

Section 4.14 Transfers and Other Liens; Additional Investments. Each Debtor agrees that, (a) except with the written consent of the Collateral Agent, it will not permit any U.S. Subsidiary to issue to such Debtor or any of such Debtor's other Subsidiaries any shares of stock, membership interests, partnership units, notes or other securities or instruments (including without limitation the Pledged Shares) in addition to or in substitution for any of the Collateral, unless, concurrently with each issuance thereof, any and all such shares of stock, membership interests, partnership units, notes or instruments are encumbered in favor of the Collateral Agent under this Agreement or otherwise (it being understood and agreed that all such shares of stock, membership interests, partnership units, notes or instruments issued to such Debtor shall, without further action by such Debtor or Collateral Agent, be automatically encumbered by this Agreement as Pledged Shares) and (b) it will promptly upon the written request of Collateral Agent following the issuance thereof (and in any event within five Business Days following such request) deliver to the Collateral Agent (i) an amendment, duly executed by such Debtor, in substantially the form of Exhibit A hereto (an "Amendment"), in respect of such shares of stock, membership interests, partnership units, notes or instruments issued to Debtor or (ii) a new stock pledge, duly executed by the applicable Subsidiary, in substantially the form of this Agreement (a "New Pledge"), in respect of such shares of stock, membership interests, partnership units, notes or instruments issued to any Subsidiary granting to Collateral Agent, for the benefit of the Lenders, a first priority security interest, pledge and lien thereon, together in each case with all certificates, notes or other instruments representing or evidencing the same. Each Debtor hereby (x) authorizes the Collateral Agent to attach each Amendment to this Agreement, (y) agrees that all such shares of stock, membership interests, partnership units, notes or instruments listed in any Amendment delivered to the Collateral Agent shall for all purposes hereunder constitute Pledged Shares, and (z) is deemed to have made, upon the delivery of each such Amendment, the representations and warranties contained in Sections 3.1, 3.2, 3.4, 3.5 and 3.6 of this Agreement with respect to the Collateral covered thereby.

Section 4.15 Possession; Reasonable Care. Regardless of whether a Default or an Event of Default has occurred or is continuing, the Collateral Agent shall have the right to hold in its possession all Pledged Shares pledged, assigned or transferred hereunder and from time to time constituting a portion of the Collateral. The Collateral Agent may appoint one or more agents (which in no case shall be any Debtor or an affiliate of any Debtor) to hold physical custody, for the account of the Collateral Agent, of any or all of the Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property, it being understood that the Collateral Agent shall not have any responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Agent has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral, except, subject to the terms hereof, upon the written instructions of the Lenders. Following the occurrence and continuance of an Event of Default, the Collateral Agent shall be entitled to take possession of the Collateral in accordance with the UCC.

Section 4.16 Future Subsidiaries / Additional Collateral.

- (a) With respect to each Person which becomes a U.S. Subsidiary (which, for all purposes of this Agreement, shall include any Subsidiary which is not a “controlled foreign corporation” under Section 956 of the Internal Revenue Code, or any successor provision) subsequent to the date hereof, within thirty (30) days of the date such Person becomes a U.S. Subsidiary, Debtor will cause such Subsidiary to execute and deliver to the Collateral Agent, for the benefit of the Lenders a security agreement, substantially in the form of this Agreement (or joinder agreement in the form attached hereto as Exhibit B satisfactory to Collateral Agent), granting to the Collateral Agent, for the benefit of the Lenders, a first priority security interest, mortgage and lien encumbering all right, title and interest of such Person in property, rights and interests of the type included in the definition of the Collateral, subject to (i) no Liens with respect to the Pledged Shares, and (ii) only the Permitted Encumbrances and other Liens permitted under Section 6.02 of the Credit Agreement with respect to all other Collateral.
- (b) With respect to any intellectual property owned, licensed or otherwise acquired by any Debtor after the date hereof, and with respect to any patent, trademark or copyright which is not registered or filed with the U.S. Patent and Trademark Office and/or the U.S. Copyright Office at the time such Collateral is pledged by a Debtor to the Collateral Agent pursuant to this Security Agreement, and which is subsequently registered or filed by such Debtor in the appropriate office, such Debtor shall execute or cause to be executed, not later than thirty (30) days after such property is acquired, obtained or registered (i) an amendment, duly executed by the Debtor, in substantially the form of Exhibit A hereto (an “Amendment”), in respect of such additional or newly registered collateral or (ii) a new security agreement, duly executed by the applicable Debtor, in substantially the form of this Agreement, in respect of such additional or newly registered collateral, granting to Collateral Agent, for the benefit of the Lenders, a first priority security

interest, pledge and lien thereon (subject only to the Permitted Encumbrances and the other Liens permitted under Section 6.02 of the Credit Agreement), together in each case with all certificates, notes or other instruments representing or evidencing the same, and shall, upon Collateral Agent's request, execute or cause to be executed any financing statement or other document (including without limitation, filings required by the U.S. Patent and Trademark Office and/or the U.S. Copyright Office in connection with any such additional or newly registered collateral). Each Debtor hereby (x) authorizes the Collateral Agent to attach each Amendment to this Agreement, (y) agrees that all such additional collateral listed in any Amendment delivered to the Collateral Agent shall for all purposes hereunder constitute Collateral, and (z) is deemed to have made, upon the delivery of each such Amendment, the representations and warranties contained in Sections 3.1, 3.2, 3.4, 3.5, 3.7 of this Agreement with respect to the Collateral covered thereby.

ARTICLE 5

Rights of the Collateral Agent

Section 5.1 Power of Attorney. Each Debtor hereby irrevocably constitutes and appoints the Collateral Agent and any officer of Collateral Agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of such Debtor or in its own name, to take, after the occurrence and during the continuance of an Event of Default, any and all actions, and to execute any and all documents and instruments which the Collateral Agent at any time and from time to time deems necessary, to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, such Debtor hereby gives the Collateral Agent the power and right on behalf of such Debtor and in its own name to do any of the following after the occurrence and during the continuance of an Event of Default, without notice to or the consent of such Debtor:

(i) to demand, sue for, collect or receive, in the name of such Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title or any other instruments for the payment of money under the Collateral or any policy of insurance;

(ii) to pay or discharge taxes, Liens (other than Permitted Encumbrances and the other Liens permitted under Section 6.02 of the Credit Agreement) or other encumbrances levied or placed on or threatened against the Collateral;

(iii) (A) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct; (B) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications and

notices in connection with accounts and other documents relating to the Collateral; (D) to commence and prosecute any suit, action or proceeding at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against such Debtor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Collateral Agent may deem appropriate; (G) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depository, transfer Collateral Agent, registrar or other designated agency upon such terms as the Collateral Agent may determine; (H) to add or release any guarantor, indorser, surety or other party to any of the Collateral; (I) to renew, extend or otherwise change the terms and conditions of any of the Collateral; (J) to make, settle, compromise or adjust any claim under or pertaining to any of the Collateral (including claims under any policy of insurance); and (K) to sell, transfer, pledge, convey, make any agreement with respect to, or otherwise deal with, any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and the Debtors' expense, at any time, or from time to time, all acts and things which the Collateral Agent deems necessary to protect, preserve, maintain, or realize upon the Collateral and the Collateral Agent's security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable. The Collateral Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Collateral Agent in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. This power of attorney is conferred on the Collateral Agent solely to protect, preserve, maintain and realize upon its security interest in the Collateral. The Collateral Agent shall not be responsible for any decline in the value of the Collateral and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve or maintain any Lien given to secure the Collateral.

Section 5.2 Setoff. In addition to and not in limitation of any rights of any Lenders under applicable law, the Collateral Agent and each Lender shall, upon the occurrence and continuance of an Event of Default, without notice or demand of any kind, have the right to appropriate and apply to the payment of the Obligations owing to it (whether or not then due) any and all balances, credits, deposits, accounts or moneys of Debtors then or thereafter on deposit with such Lenders; provided, however, that any such amount so applied by any Lender on any of the Obligations owing to it shall be subject to the provisions of the Credit Agreement.

Section 5.3 Assignment by the Collateral Agent. The Collateral Agent may at any time assign or otherwise transfer all or any portion of its rights and obligations as Collateral Agent under this Agreement and the other Loan Documents (including, without limitation, the Obligations) to any other Person, to the extent permitted by, and upon the conditions contained in, the Credit Agreement and such Person shall thereupon become vested with all the benefits and obligations thereof granted to the Collateral Agent herein or otherwise.

Section 5.4 Performance by the Collateral Agent. If any Debtor shall fail to perform any covenant or agreement contained in this Agreement, the Collateral Agent may (but shall not be obligated to) perform or attempt to perform such covenant or agreement on behalf of the Debtors, in which case Collateral Agent shall exercise good faith and make diligent efforts to give Debtors prompt prior written notice of such performance or attempted performance. In such event, the Debtors shall, at the request of the Collateral Agent, promptly pay any reasonable amount expended by the Collateral Agent in connection with such performance or attempted performance to the Collateral Agent, together with interest thereon at the interest rate set forth in the Credit Agreement, from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that the Collateral Agent shall not have any liability or responsibility for the performance (or non-performance) of any obligation of the Debtors under this Agreement.

Section 5.5 Certain Costs and Expenses. The Debtors shall pay or reimburse the Collateral Agent within five (5) Business Days after demand for all reasonable costs and expenses (including reasonable attorney's and paralegal fees) incurred by it in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of any of the Obligations (including in connection with any "workout" or restructuring regarding the Obligations, and including in any insolvency proceeding or appellate proceeding). The agreements in this Section 5.5 shall survive the payment in full of the Obligations. Notwithstanding the foregoing, the reimbursement of any fees and expenses incurred by the Lenders shall be governed by the terms and conditions of the applicable Credit Agreement.

Section 5.6 Indemnification. The Debtors shall indemnify, defend and hold the Collateral Agent, and each Lender and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including reasonable attorneys' and paralegals' fees) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Obligations and the termination, resignation or replacement of the Collateral Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Indemnified Person in any way relating to or arising out of this Agreement or any other Loan Document or any document relating to or arising out of or referred to in this Agreement or any other Loan Document, or the transactions contemplated hereby, or any action taken or omitted by any such Indemnified Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any "Bankruptcy Proceeding" (as defined in the Credit Agreement) or appellate proceeding) related to or arising out of this Agreement or the Obligations or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Debtors shall have no obligation under this Section 5.6 to any Indemnified Person with respect to Indemnified Liabilities to the extent resulting from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section 5.6 shall survive payment of all other Obligations.

ARTICLE 6

Default

Section 6.1 Rights and Remedies. If an Event of Default shall have occurred and be continuing, the Collateral Agent shall have the following rights and remedies subject to the direction and/or consent of the Lenders as required under the Credit Agreement:

(i) The Collateral Agent may exercise any of the rights and remedies set forth in the Credit Agreement (including, without limitation, in Section 5 of this Agreement) or by applicable law.

(ii) In addition to all other rights and remedies granted to the Collateral Agent in this Agreement, the Credit Agreement or by applicable law, the Collateral Agent shall have all of the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral) and the Collateral Agent may also, without previous demand or notice except as specified below or in the Credit Agreement, 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 Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may, in its reasonable discretion, deem commercially reasonable or otherwise as may be permitted by law. Without limiting the generality of the foregoing, the Collateral Agent may (A) without demand or notice to the Debtors (except as required under the Credit Agreement or applicable law), collect, receive or take possession of the Collateral or any part thereof, and for that purpose the Collateral Agent (and/or its agents, servicers or other independent contractors) may enter upon any premises on which the Collateral is located and remove the Collateral therefrom or render it inoperable, and/or (B) sell, lease or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may, in its reasonable discretion, deem commercially reasonable or otherwise as may be permitted by law. The Collateral Agent and, subject to the terms of the Credit Agreement, each of the Lenders shall have the right at any public sale or sales, and, to the extent permitted by applicable law, at any private sale or sales, to bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) and become a purchaser of the Collateral or any part thereof free of any right of redemption on the part of the Debtors, which right of redemption is hereby expressly waived and released by the Debtors to the extent permitted by applicable law. The Collateral Agent may require the Debtors to assemble the Collateral and make it available to the Collateral Agent at any place designated by the Collateral Agent to allow Collateral Agent to take possession or dispose of such Collateral. The Debtors agree that the Collateral Agent shall not be obligated to give more than ten (10) days prior written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. The foregoing shall not require notice if none is required by applicable law. The Collateral Agent shall not be obligated to make any sale of Collateral if, in the exercise of its reasonable discretion, it shall determine not to do so, regardless of the fact that notice of sale of Collateral may have been given. The Collateral Agent may, without notice or publication (except as required by applicable

law), adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. The Debtors shall be liable for all reasonable expenses of retaking, holding, preparing for sale or the like, and all reasonable attorneys' fees, legal expenses and other costs and expenses incurred by the Collateral Agent in connection with the collection of the Obligations and the enforcement of the Collateral Agent's rights under this Agreement and the Credit Agreement. The Debtors shall, to the extent permitted by applicable law, remain liable for any deficiency if the proceeds of any such sale or other disposition of the Collateral (conducted in conformity with this clause (ii) and applicable law) applied to the Obligations are insufficient to pay the Obligations in full. The Collateral Agent shall apply the proceeds from the sale of the Collateral hereunder against the Obligations in such order and manner as provided in the Credit Agreement.

(iii) The Collateral Agent may cause any or all of the Collateral held by it to be transferred into the name of the Collateral Agent or the name or names of the Collateral Agent's nominee or nominees.

(iv) The Collateral Agent may exercise any and all rights and remedies of the Debtors under or in respect of the Collateral, including, without limitation, any and all rights of the Debtors to demand or otherwise require payment of any amount under, or performance of any provision of any of the Collateral and any and all voting rights and corporate powers in respect of the Collateral.

(v) On any sale of the Collateral, the Collateral Agent is hereby authorized to comply with any limitation or restriction with which compliance is necessary (based on a reasoned opinion of the Collateral Agent's counsel) in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable Governmental Authority.

(vi) The Collateral Agent may direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct.

(vii) For purposes of enabling the Collateral Agent to exercise its rights and remedies under this Section 6.1 and enabling the Collateral Agent and its successors and assigns to enjoy the full benefits of the Collateral, each Debtor hereby grants to the Collateral Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Debtors) to use, assign, license or sublicense any of the Computer Records or Software (including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and all computer programs used for the completion or printout thereof), exercisable upon the occurrence and during the continuance of an Event of Default (and thereafter if Collateral Agent succeeds to any of the Collateral pursuant to an enforcement proceeding or voluntary arrangement with any Debtor), except as may be prohibited by any licensing agreement

relating to such Computer Records or Software. This license shall also inure to the benefit of all successors, assigns, transferees of and purchasers from the Collateral Agent.

(viii) If and to the extent that any Debtor is permitted to license the Intellectual Property Collateral, the Collateral Agent shall promptly enter into a non-disturbance agreement or other similar arrangement, at such Debtor's request and expense, with such Debtor and any licensee of any Intellectual Property Collateral permitted hereunder, such non-disturbance or similar agreement to be in form and substance reasonably satisfactory to Collateral Agent pursuant to which (i) Collateral Agent shall agree to assume the rights of Debtor under such non-exclusive license, and (ii) such licensee shall acknowledge and agree that the Intellectual Property Collateral licensed to it subject to the security interest created in favor of the Collateral Agent and other terms of this Agreement.

Section 6.2 Private Sales.

- (a) In view of the fact that applicable securities laws may impose certain restrictions on the method by which a sale of the Pledged Shares may be effected after an Event of Default, Debtors agree that upon the occurrence and during the continuance of an Event of Default, Collateral Agent may from time to time attempt to sell all or any part of the Pledged Shares by a private sale in the nature of a private placement, restricting the bidders and prospective purchasers to those who will represent and agree that they are "accredited investors" within the meaning of Regulation D promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and are purchasing for investment only and not for distribution. In so doing, Collateral Agent may solicit offers for the Pledged Shares, or any part thereof, from a limited number of investors who might be interested in purchasing the Pledged Shares. Without limiting the methods or manner of disposition which could be determined to be commercially reasonable, if Collateral Agent hires a firm of regional or national reputation that is engaged in the business of rendering investment banking and brokerage services to solicit such offers and facilitate the sale of the Pledged Shares, then Collateral Agent's acceptance of the highest offer (including its own offer, or the offer of any of the Lenders at any such sale) obtained through such efforts of such firm shall be deemed to be a commercially reasonable method of disposition of such Pledged Shares. The Collateral Agent shall not be under any obligation to delay a sale of any of the Pledged Shares for the period of time necessary to permit the issuer of such securities to register such securities under the laws of any jurisdiction outside the United States, under the Securities Act or under any applicable state securities laws, even if such issuer would agree to do so.
- (b) Each Debtor further agree to do or cause to be done, to the extent that such Debtor may do so under applicable law, all such other reasonable acts and things as may be necessary to make such sales or resales of any portion or all of the Collateral valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at the Debtors' expense.

Section 6.3 Establishment of Cash Collateral Account; and Lock Box.

- (a) (i) On or before the Effective Date (as defined in the Credit Agreement), each Debtor agrees to establish and maintain (and Collateral Agent, acting at the request of the Lenders, may establish and maintain) at such Debtor's sole expense a United States Post Office lock box (the "Lock Box"). It is acknowledged by the parties hereto that any lockbox presently maintained or subsequently established by a Debtor with Collateral Agent may be used, subject to the terms hereof, to satisfy the requirements set forth above; and (ii) on or before December 31, 2002, each Debtor agrees maintain with Collateral Agent, for the benefit of the Lenders in the name of the Collateral Agent, a segregated non-interest bearing cash collateral account ("Cash Collateral Account") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Collateral Agent and the Lenders; provided, however, that the Cash Collateral Account may be an interest-bearing account with a commercial bank (including Comerica or any other Lender which is a commercial bank) if determined by the Collateral Agent, in its reasonable discretion, to be practicable, invested by Collateral Agent in its sole discretion, but without any liability for losses or the failure to achieve any particular rate of return. Subject to Sections 5.2 and 6.3(b) of this Agreement, the Company shall have sole access to and control over the funds in the Cash Collateral Account. Each Debtor agrees to execute all documents and authorizations as reasonably required by the Collateral Agent to establish and maintain the Lock Box and the Cash Collateral Account. Each Debtor also agrees to notify all account debtors on or before December 31, 2002, that all payments made to Debtor (a) other than by electronic funds transfer, shall be remitted, for the credit of Debtor, to the Lock Box, and Debtor shall include a like statement on all invoices, and (b) by electronic funds transfer, shall be remitted to the Cash Collateral Account, and Debtor shall include a like statement on all invoices.
- (b) Prior to the occurrence of an Event of Default, the rights and obligations of the parties in respect of the Lock Box and Cash Collateral Account shall be governed by the cash management or similar agreements from time to time in effect between the Debtors and the Collateral Agent. Immediately upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have exclusive access and control to such Lock Box and the Cash Collateral Account (and the Debtors shall have no access), and each Debtor expressly authorizes Collateral Agent, from time to time, to remove the contents from the Lock Box or to access the funds in the Cash Collateral Account for disposition in accordance with Section 6.3(c) of this Agreement.
- (c) Immediately upon the occurrence and during the continuance of an Event of Default (without the necessity of any notice hereunder), (i) any and all cash (including amounts received by electronic funds transfer), checks, drafts and other instruments for the payment of money received by the applicable Debtor at any time, in full or partial payment of any of the Collateral consisting of Accounts or Inventory, shall forthwith upon receipt be transmitted and delivered to Collateral Agent, properly endorsed, where required, so that such items may be collected by

Collateral Agent. Any such amounts and other items received by a Debtor shall not be commingled with any other of such Debtor's funds or property, but will be held separate and apart from such Debtor's own funds or property, and upon express trust for the benefit of Collateral Agent until delivery is made to Collateral Agent; (ii) all items or amounts which are remitted to a Lock Box or otherwise delivered by or for the benefit of a Debtor to Collateral Agent on account of partial or full payment of, or any other amount payable with respect to, any of the Collateral shall, at Collateral Agent's option, be applied to any of the Obligations, whether then due or not, in the order and manner set forth in the Credit Agreement; (iii) the applicable Debtor shall be deemed to irrevocably authorize and direct Collateral Agent to endorse all items received for deposit to the Cash Collateral Account, notwithstanding the inclusion on any such item of a restrictive notation, e.g., "paid in full", "balance of account", or other restriction; and (iv) no Debtor shall have any right whatsoever to withdraw any funds deposited in accordance with this Section 6.3(c) and each Debtor further grants to Collateral Agent a first security interest in and lien on all funds on deposit in such account. Promptly after the terms and conditions set forth in this Section 6.3(c) become effective, Collateral Agent shall notify the Company thereof, provided, however, that Collateral Agent shall not be subject to any liability to the Company, any other Debtor or any other party for any failure to so notify.

- (d) On or before December 31, 2002, Collateral Agent shall have received a deposit account control agreement executed by Bank One, in form and substance satisfactory to the Collateral Agent.

Section 6.4 Default Under Credit Agreement. Subject to any applicable notice and cure provisions contained in the Credit Agreement, the occurrence of any Event of Default (as defined in the Credit Agreement), including without limit a breach of any of the provisions of this Agreement, shall be deemed to be an Event of Default under this Agreement. This Section 6.4 shall not limit the Events of Default set forth in the Credit Agreement.

ARTICLE 7 **Miscellaneous**

Section 7.1 No Waiver; Cumulative Remedies. No failure on the part of the Collateral Agent to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 7.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Debtors and the Collateral Agent and their respective heirs, successors and assigns, except that the Debtors may not assign any of their respective rights or obligations under this Agreement without the prior written consent of the Collateral Agent.

Section 7.3 AMENDMENT; ENTIRE AGREEMENT. THIS AGREEMENT AND THE CREDIT AGREEMENT REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the parties hereto.

Section 7.4 Notices. All notices, requests, consents, approvals, waivers and other communications hereunder shall be in writing (including, by facsimile transmission) and mailed, faxed or delivered to the address or facsimile number specified for notices on signature pages hereto; or, as directed to the Debtors or the Collateral Agent, to such other address or number as shall be designated by such party in a written notice to the other. All such notices, requests and communications shall, when sent by overnight delivery, or faxed, be effective when delivered for overnight (next business day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day (as defined in the Credit Agreement) after the date deposited into the U.S. mail, or if otherwise delivered, upon delivery; except that notices to the Collateral Agent shall not be effective until actually received by the Collateral Agent.

Section 7.5 GOVERNING LAW; SUBMISSION TO JURISDICTION; SERVICE OF PROCESS.

- (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.
- (b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF A FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE DEBTORS AND THE COLLATERAL AGENT CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE DEBTORS AND THE COLLATERAL AGENT IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING 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 ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY LOAN DOCUMENT.

Section 7.6 Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 7.7 Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by the Collateral Agent shall affect the representations and warranties or the right of the Collateral Agent or the Lenders to rely upon them.

Section 7.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.9 Waiver of Bond. In the event the Collateral Agent seeks to take possession of any or all of the Collateral by judicial process, each Debtor hereby irrevocably waives any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

Section 7.10 Severability. Any provision of this Agreement which is determined by a court of competent jurisdiction to be 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 of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.11 Obligations Absolute. All obligations of the Debtors hereunder shall be absolute and unconditional irrespective of:

- (i) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Debtor or other Loan Party;
- (ii) any lack of validity or enforceability of the Credit Agreement or any other Loan Document, or any other agreement or instrument relating thereto;
- (iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or any other Loan Document, or any other agreement or instrument relating thereto;
- (iv) any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Obligations; or
- (v) any other circumstances (other than satisfaction in full of the Obligations) which might otherwise constitute a defense available to, or a discharge of, the Debtors.

Section 7.12 Collateral Agent's Right to Sever Obligations. (a) Each Debtor acknowledges that (i) the Collateral does not constitute the sole source of security for the payment and performance of the Obligations and that the Obligations are also secured by other types of property of the Debtors and its Affiliates in other jurisdictions (all such property, collectively, the "Additional Collateral"), (ii) the number of such jurisdictions and the nature of the transaction of which this instrument is a part are such that it would-have been impracticable for the parties to allocate to each item of Additional Collateral a specific loan amount and to execute in respect of such item a separate credit agreement, and (iii) the Debtors intend that Collateral Agent have the same rights with respect to the Collateral, in any judicial proceeding relating to the exercise of any right or remedy hereunder or otherwise, that Collateral Agent would have had if each item of Collateral had been pledged or encumbered pursuant to a separate credit agreement and security instrument. In furtherance of such intent, each Debtor agrees to the greatest extent permitted by law that Collateral Agent may at any time by notice (an "Allocation Notice") to the Debtors allocate a portion of the Obligations (the "Allocated Obligations") to all or a specified portion of the Collateral and sever from the remaining Obligations the Allocated Obligations. From and after the giving of an Allocation Notice with respect to any of the Collateral, the Obligations hereunder shall be limited to the extent set forth in the Allocation Notice and (as so limited) shall, for all purposes, be construed as a separate credit obligation of the Debtors unrelated to the other transactions contemplated by the Credit Agreement, any other Loan Document or any document related to any thereof. To the extent that the proceeds of any judicial proceeding relating to the exercise of any right or remedy hereunder of the Collateral shall exceed the Allocated Obligations, such proceeds shall belong to the Debtors and shall not be available hereunder to satisfy any Obligations of the Debtors other than the Allocated Obligations. In any action or proceeding to exercise any right or remedy under this Agreement which is commenced after the giving by Collateral Agent of an Allocation Notice, the Allocation Notice shall be conclusive proof of the limits of the Obligations hereby secured, and Debtor may introduce, by way of defense or counterclaim, evidence thereof in any such action or proceeding. Notwithstanding any provision of this Section 7.12, the proceeds received by Collateral Agent pursuant to this Agreement shall be applied by Collateral Agent in accordance with the terms of the Credit Agreement.

(b) Each Debtor hereby waives to the greatest extent permitted under law the right to a discharge of any of the Obligations under any statute or rule of law now or here- after in effect which provides that the exercise of any particular right or remedy as provided for herein (by judicial proceedings or otherwise) constitutes the exclusive means for satisfaction of the Obligations or which makes unavailable any further judgment or any other right or remedy provided for herein because Collateral Agent elected to proceed with the exercise of such initial right or remedy or because of any failure by Collateral Agent to comply with laws that prescribe conditions to the entitlement to such subsequent judgment or the availability of such subsequent right or remedy. In the event that, notwithstanding the foregoing waiver, any court shall for any reason hold that such subsequent judgment or action is not available to Collateral Agent, none of the Debtors shall (i) introduce in any other jurisdiction any judgment so holding as a defense to enforcement against the Debtors of any remedy in the Credit Agreement or any other Loan Document or (ii) seek to have such judgment recognized or entered in any other jurisdiction, and any such judgment shall in all events be limited in application only to the state or jurisdiction where rendered and only with respect to the collateral referred to in such judgment.

(c) In the event any instrument in addition to the Allocation Notice is necessary to effectuate the provisions of this Section 7.12, including, without limitation, any amendment to this Agreement, any substitute promissory note or affidavit or certificate of any kind, Collateral Agent may execute and deliver such instrument as the attorney-in-fact of the Debtors. Such power of attorney is coupled with an interest and is irrevocable.

(d) Notwithstanding anything set forth herein to the contrary, the provisions of this Section 7.12 shall be effective only to the maximum extent permitted by law.

Section 7.13 Construction. The Debtors and the Collateral Agent acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the Debtors and the Collateral Agent.

Section 7.14 Termination. If all of the Obligations (other than contingent liabilities pursuant to any indemnity, including without limitation Sections 5.5 and 5.6 hereof, for claims which have not been asserted, or which have not yet accrued) shall have been indefeasibly paid and performed in full (in cash) and all commitments to extend credit or other credit accommodations under the Credit Agreement have been terminated, the Collateral Agent shall, upon the written request of the Debtor, execute and deliver to the Debtors a proper instrument or instruments acknowledging the release and termination of the security interests created by this Agreement, and shall duly assign and deliver to the Debtors (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Collateral Agent and has not previously been sold or otherwise applied pursuant to this Agreement.

Section 7.15 Release of Collateral. The Collateral Agent shall, upon the written request of each Debtor, execute and deliver to the Debtors a proper instrument or instruments acknowledging the release of the security interest and liens established hereby on any Collateral (other than the Pledged Shares): (a) if the sale or other disposition of such Collateral is permitted under the terms of the Credit Agreement and, at the time of such proposed release, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing, (b) if the sale or other disposition of such Collateral is not permitted under the terms of the Credit Agreement, provided that the requisite Lenders under such Credit Agreement shall have consented to such sale or disposition in accordance with the terms thereof, or (c) if such release has been approved by the requisite Lenders in accordance with Section 9.02 of the Credit Agreement.

Section 7.16 WAIVER OF JURY TRIAL. EACH OF EACH DEBTOR AND THE COLLATERAL AGENT WAIVES ITS RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER SUCH PARTY AGAINST THE OTHER, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH DEBTOR AND THE COLLATERAL AGENT AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH SUCH PARTY

FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

Section 7.17 Consistent Application. The rights and duties created by this Agreement shall, in all cases, be interpreted consistently with, and shall be in addition to (and not in lieu of), the rights and duties created by the Credit Agreement. In the event that any provision of this Agreement shall be inconsistent with any provision of the Credit Agreement, such provision of the Credit Agreement shall govern.

Section 7.18 Continuing Lien. The security interest granted under this Security Agreement shall be a continuing security interest in every respect (whether or not the outstanding balance of the Obligations is from time to time temporarily reduced to zero) and Collateral Agent's security interest in the Collateral as granted herein shall continue in full force and effect for the entire duration that the Credit Agreement remains in effect and until all of the Obligations are repaid and discharged in full, and no commitment (whether optional or obligatory) to extend any credit under the Credit Agreement remain outstanding.

Section 7.19 Amendment and Restatement of Prior Loan Documents. This Agreement consolidates and amends and restates the Prior Loan Documents in their entirety, and nothing contained herein shall be deemed to alter or impair the liens and security interests established by the Prior Loan Documents, which liens and security interests remain in full force and effect with all priorities unchanged.

NOV-27-2002 12:06

CHANNEL MASTER

989 2204 P.04/20

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTORS:

CHANNEL MASTER LLC

By: 

Michael K. Poe
Vice President of Finance and Chief Financial Officer

Address for Notices:

1315 Industrial Park Drive
Smithfield, North Carolina 27557
Fax No.: 919-989-2269
Telephone No.: 919-934-9711
Attention: President

DUSO ADVERTISING INC.

By: 

Michael K. Poe
Vice President of Finance and Chief Financial Officer

Address for Notices:

1315 Industrial Park Drive
Smithfield, North Carolina 27557
Fax No.: 919-989-2269
Telephone No.: 919-934-9711
Attention: President

CHANNEL MASTER COMMUNICATIONS, INC.

By: 

Michael K. Poe
Vice President of Finance and Chief Financial Officer

Address for Notices:

1315 Industrial Park Drive
Smithfield, North Carolina 27557
Fax No.: 919-989-2269
Telephone No.: 919-934-9711
Attention: President

FIRST SIGNATURE PAGE TO SECURITY AGREEMENT
(428722)

NOV-27-2002 12:06

CHANNEL MASTER

989 2204 P.05/20

CHANNEL MASTER INTERNATIONAL HOLDINGS, INC.

By: _____

Michael K. Roe

Vice President of Finance and Chief Financial Officer

Address for Notices:

1315 Industrial Park Drive
Smithfield, North Carolina 27557
Fax No.: 919-989-2269
Telephone No.: 919-934-9711
Attention: President

COLLATERAL AGENT:

COMERICA BANK, as Collateral Agent

By: _____

Name: _____

Title _____

Address for Notices:

One Detroit Center, 9th Floor
500 Woodward Avenue
Detroit, Michigan 48226
Telephone No.: 313/222/9434
Attention:


**SECOND SIGNATURE PAGE TO SECURITY AGREEMENT
(428722)**

**CHANNEL MASTER INTERNATIONAL
HOLDINGS, INC.**

By: _____
Name: _____
Title _____
Address for Notices:
1315 Industrial Park Drive
Smithfield, North Carolina 27557
Fax No.:
Telephone No.:
Attention:

COLLATERAL AGENT:

COMERICA BANK, as Collateral Agent

By:  _____
Name: DARYL R. KRAUSE
Title MANAGING DIRECTOR
Address for Notices:
One Detroit Center, 9th Floor
500 Woodward Avenue
Detroit, Michigan 48226
Telephone No.: 313/222/9434 6198
Attention: DARYL R. KRAUSE

Channel Master LLC
Schedule A to Security Agreement
Inventory by Location as of November 1, 2002

Manufacturer/Vendor	Street Address	Location	Total
Channel Master LLC	1315 Industrial Park Drive 2545 West Grandview	Smithfield, NC	\$ 11,014,472
Bliley Electric Company	Boulevard	Erie, PA	325
Corrugated Specialties	10937 Liberty Street Ext.	Meadville, PA	19,758
Industrial Rivet & Fastener Co.	200 Paris Avenue	Northvale, NJ	21,660
Andrew Antenna Corp.	10500 W. 153rd St.	Orland Park, IL	7,980
Fast-Rite International	1739 Paul Avenue	Glendale Height, IL	187,480
Surtronics	401 Beryl Road	Raleigh, NC	799
South Atlantic Galvanizing	3025 Steelway Drive	Graham, NC	4,570
Panalpina Welttransport GmbH	Schwieberdinger Strasse 200	Stuttgart, Germany	204,353
Radiance Electronics Co., Ltd	139 Fu Te Nan Road	Pudong, Shanghai Kowloon, Hong	1,792,701
WKK Technology Ltd	414 Kwun Tong Road	Kong	2,988,015
In Transit Materials		Inbound from Asia	5,915,826
In Transit Materials		Inbound from Europe	40,403
Gross Inventory			22,198,342
Inventory Reserves			(7,103,668)
Net Inventory at 11/01/02			<u>\$ 15,094,674</u>

Channel Master LLC
Schedule A to Security Agreement
Equipment by Location as of November 7, 2002

Manufacturer/Vendor	Street Address	Location	Acquisition Value	Current NBV
Channel Master LLC	1315 Industrial Park Drive	Smithfield, NC	\$52,335,124	\$27,089,234
Advanced Plastiform	2806 Gresham Lake Rd.	Raleigh, NC	2,200	18
Allred Metal Stamping	1305 Old Thomasville Rd.	High Point, NC	72,610	14,241
ASK Plastics	5001 Crackersport Road	Allentown, PA	236,247	29,730
Blue Ridge Packaging	10015-E Pelham Road	Simpsonville, SC	35,687	4,986
Cast Products, Inc.	4200 North Nordica Ave	Northridge, IL	22,000	0
Castmaster	No. 3, Kai - Fa 5th Road	Tainan, Taiwan	314,480	39,642
Channel Master Limited	5 Commerce Park Brunel Rd	Blackburn, UK	31,000	0
Custom Industries	6106 West Market St.	Greensboro, NC	10,948	0
Dyna Cast	109 Belton Drive	Spartanburg, SC	14,200	0
Fu Chia	No. 103 Wu Kong Road	Taipei Hsien, Taiwan	21,700	18,083
Green Printing Company	101 Lexington Parkway	Lexington, NC	7,546	1,048
Haug Die Casting	500 Holies Drive	Kenilworth, NJ	144,997	0
Industrial Rivet	200 Paris Avenue	Valley Cottage, NY	1,616	0
Injection Technology Corp	199 Airport Road	Arden, NC	172,107	4,083
Lindy Manufacturing	15990 Chaney-Thompson Rd.	Huntsville, AL	68,230	492
National Molding	5 Dubon Court	Farmingdale, NY	10,067	0
Pawling Corp	157 Charles Coleman Blvd.	Pawling, NY	2,621	0
Precision Tool & Stamping	800 Warsaw Road	Clinton, NC	197,994	104,497
R & R Plastics	2407 US 20 A	Swanton, OH	144,967	9,751
Radiance Electronics	139 Fu Te Nan Road	Pudong, Shanghai, China	1,195,038	833,110
Raleigh Precision Product	5469 Highway 264 A	Raleigh, NC	24,100	0
Regional Die Casting	695 Arvin Road	Ontario, Canada	3,636	909
Scotland Container	Highway 401 Bypass	Laurinburg, NC	50,039	17,418
Suburban Plastics Co.	340 Renner Drive	Elgin, IL	2,500	0
Tru-Cast	1208 Rail Street	Greensboro, NC	1,400	0
Ultracast	199 Freshwater Blvd.	Enfield, CT	30,815	432
WKK Technology	414 Kwun Tong Road	Kowloon, Hong Kong	478,135	318,757
			<u>\$55,632,004</u>	<u>\$28,486,431</u>

SCHEDULE B
TO
SECURITY AGREEMENT
Jurisdictions for Filing
UCC-1 Financing Statements

Channel Master LLC
Delaware, SOS

Channel Master Communications, Inc.
Delaware, SOS

Channel Master Holdings, Inc.
Delaware, SOS

Channel Master International Holdings, Inc.
Delaware, SOS

Duso Advertising, Inc.
New York, SOS

Channel Master LLC
Schedule C to Security Agreement
State of Organization and Registration Numbers

Channel Master Holdings, Inc., a Delaware corporation, registration number 2793563

Channel Master LLC, a Delaware limited liability company, registration number 2908620

Channel Master Communications, Inc., a Delaware corporation, registration number 2081495

Duso Advertising, Inc., a New York corporation, no registration number, Federal employer identification number 14-1361913

Channel Master International Holdings, Inc., a Delaware corporation, registration number 3066487

**Channel Master LLC
Schedule D to Security Agreement
Pledged Shares**

Stock Issuer	Owner of Stock	Class of Stock	Stock Certificate No(s)	Par Value	Number of Shares	Pledged Shares
Channel Master LLC	Channel Master Holdings, Inc.	Membership interests		None		100%
Duso Advertising, Inc.	Channel Master LLC	Common Stock	6	None	30	30
Channel Master Communications, Inc.	Channel Master LLC	Common Stock	2	\$1.00	10	10
Channel Master International Holdings, Inc.	Channel Master LLC	Common Stock	1	None	100	100

There are no US subsidiaries of the Debtors other than those listed above.

SCHEDULE E
TO
SECURITY AGREEMENT
 Intellectual Property

[To be completed by Debtors]

ATTACHMENT 1
 to
 Agreement
 (Trademark)

ITEM A. TRADEMARKS Registered Trademarks

Country	Trademark	Registration No.	Debtor
USA	CHANNELMAX	1,936,178	Channel Master L.L.C.
USA	SMARTENNA (stylized letters)	1,873,694	Channel Master L.L.C.
USA	MONITENNA	1,869,367	Channel Master L.L.C.
USA	SUPER COLOR-DUCT	1,776,325	Channel Master L.L.C.
USA	CHANNEL MASTER	1,786,524	Channel Master L.L.C.
USA	MISCELLANEOUS DESIGN (dish antenna)	1,342,339	Channel Master L.L.C.
USA	MICRO-BEAM	1,292,704	Channel Master L.L.C.
USA	FEEDER-PAK	1,216,521	Channel Master L.L.C.
USA	CHANNEL MASTER	1,248,040	Channel Master L.L.C.
USA	QUANTUM	1,008,341	Channel Master L.L.C.
USA	CHANNEL KING	982,486	Channel Master L.L.C.

Country	Trademark	Registration No.	Debtor
USA	COLORAY	790,977	Channel Master L.L.C.
USA	JOIN-TENNA	781,283	Channel Master L.L.C.
USA	CHANNEL MASTER	743,331	Channel Master L.L.C.
USA	DURA-TUBE	742,573	Channel Master L.L.C.
USA	CROSSFIRE	738,181	Channel Master L.L.C.
USA	CHANNEL MASTER	693,777	Channel Master L.L.C.
USA	PARA-SCOPE	672,160	Channel Master L.L.C.
USA	CHANNEL MASTER (stylized letters)	598,429	Channel Master L.L.C.
USA	INTERACTIVE SATELLITE SOLUTION (and Design)	2,600,191	Channel Master LLC
USA	CHANNEL MASTER	2,616,404	Channel Master LLC
USA	STEALTHTENNA	2,402,707	Channel Master LLC

Trademark Applications in Preparation and Pending Trademark Applications

Country	Trademark	Registration No.	Debtor

Expired, Abandoned or Canceled Trademarks

Country	Trademark	Registration No.	Debtor

ITEM B. TRADEMARK LICENSES

Country	Trademark	Registration No.	Debtor

ATTACHMENT 1
to
Agreement
(Copyright)

ITEM A. COPYRIGHTS

Country	Copyright	Registration No.	Debtor

ITEM B. PENDING COPYRIGHT APPLICATIONS

Country	Copyright	Registration No.	Debtor

ITEM C. COPYRIGHT LICENSES

Country	Copyright	Registration No.	Debtor

ITEM A. PATENTS (including letters patent and applications for letters patent):

Country	Patent No.	Patent	Debtor
USA	5,945,955	Heating system for microwave antenna reflector and method for making the same	Channel Master L.L.C.
USA	6,323,822	Multi-beam antenna	Channel Master LLC
USA	6,297,710	Slip joint polarizer	Channel Master LLC
USA	6,232,843	Plural coupled microwave oscillators providing phase shifted output signals	Channel Master, LLC
USA	6,222,495	Multi-beam antenna	Channel Master LLC
USA	6,188,372	Antenna with molded integral polarity plate	Channel Master LLC
USA	6,147,563	Coupled cavity oscillator producing output signals with a constant phase difference	Channel Master LLC
USA	6,097,264	Broad band quad ridged polarizer	Channel Master LLC
USA	6,087,908	Planar ortho-mode transducer	Channel Master LLC
USA	6,084,921	Transmit method and system for Ka band transmissions	Channel Master LLC
USA	5,892,486	Broad band dipole element and array	Channel Master L.L.C.
USA	5,552,797	Die-castable corrugated horns providing elliptical beams	Channel Master L.L.C.
USA	4,618,996	Dual pilot phase lock loop for radio frequency transmission	Channel Master, Inc.
USA	4,475,242	Microwave communications system	Channel Master L.L.C.

Channel Master LLC
Schedule F
Trade Names

Channel Master LLC and its US subsidiaries have no trade names other than the trademarks listed in Schedule E.

**EXHIBIT A
TO
SECURITY AGREEMENT**

FORM OF AMENDMENT

This Amendment, dated _____, 20__, is delivered pursuant to Section [4.14/4.16] of the Security Agreement referred to below. The undersigned hereby agree that this Amendment may be attached to the Security Agreement dated as of December 2, 2002, between the undersigned and Comerica Bank, as the Collateral Agent for the benefit of the Lenders referred to therein (the "Security Agreement"), and [that the shares of stock, membership interests, partnership units, notes or other instruments listed on Schedule D] / [that the intellectual property listed on Schedule E] annexed hereto shall be and become part of the Collateral referred to in the Security Agreement and shall secure payment and performance of all Obligations as provided in the Security Agreement.

Capitalized terms used herein but not defined herein shall have the meanings therefor provided in the Security Agreement.

CHANNEL MASTER LLC

By: _____
Name: _____
Title _____

DUSO ADVERTISING, INC.

By: _____
Name: _____
Title _____

**CHANNEL MASTER COMMUNICATIONS,
INC.**

By: _____
Name: _____
Title _____

**CHANNEL MASTER INTERNATIONAL
HOLDINGS, INC.**

By: _____
Name: _____
Title _____

EXHIBIT B

**JOINDER AGREEMENT
(Security Agreement)**

THIS JOINDER AGREEMENT is dated as of _____, ____ by _____, a _____ (“New Debtor”).

WHEREAS, pursuant to Section 5.11 of that certain Amended and Restated Channel Master LLC Credit Agreement dated as of December 2, 2002 (as amended or otherwise modified from time to time, the “Credit Agreement”) by and among Channel Master Holdings, Inc, the Company, certain subsidiaries of the Company, the Lenders signatory thereto, Salomon Brothers, Inc., as Syndication Agent and Comerica, as Administrative Agent and Collateral Agent for the Lenders, and pursuant to Section 4.16(a) of that certain Amended, Restated and Consolidated Security Agreement dated as of December 2, 2002 (the “Security Agreement”) executed and delivered by the Debtors named therein (“Debtors”) in favor of Collateral Agent, for and on behalf of the Lenders, the New Debtor executes and delivers this Joinder Agreement, in accordance with the Credit Agreement and the Security Agreement.

WHEREAS, pursuant to Section 5.11 of the Credit Agreement, the New Debtor is also required to execute and deliver a guaranty.

WHEREAS, in order to comply with Section 5.11 of the Credit Agreement, New Debtor executes and delivers this Joinder Agreement in accordance with the Credit Agreement.

NOW THEREFORE, as a further inducement to Lenders to continue to provide credit accommodations to the Company and the Account Parties (as defined in the Credit Agreement), New Debtor hereby covenants and agrees as follows:

A. All capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement unless expressly defined to the contrary.

B. New Debtor hereby enters into this Joinder Agreement in order to comply with Section 5.11 of the Credit Agreement and does so in consideration of the Advances made or to be made from time to time under the Credit Agreement (and the other Loan Documents, as defined in the Credit Agreement).

C. Schedule [insert appropriate Schedule] attached to this Joinder Agreement is intended to supplement Schedule [insert appropriate Schedule] of the Security Agreement with the respective information applicable to New Debtor.

D. New Debtor shall be considered, and deemed to be, for all purposes of the Credit Agreement, the Security Agreement and the other Loan Documents, a Debtor under the Security Agreement as fully as though New Debtor had executed and delivered the Security Agreement at the time originally executed and delivered under the Credit Agreement and hereby ratifies and confirms its obligations under the Security Agreement, all in accordance with the terms thereof.

E. No Default or Event of Default (each such term being defined in the Credit Agreement) has occurred and is continuing under the Credit Agreement.

F. This Joinder Agreement shall be governed by the laws of the State of New York and shall be binding upon New Debtor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned New Debtor has executed and delivered this Joinder Agreement as of _____, _____.

[NEW DEBTOR]

By: _____

Its: _____