03-12-2003

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(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office
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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): 3-12-03
Horizon Lines, LLC
Horizon Services Group, LLC

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

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

3. Nature of conveyance:

☐ Assignment ☐ Merger
☑ Security Agreement ☐ Change of Name
☐ Other

Execution Date: 2/27/03

2. Name and address of receiving party(ies)

Name: ABN AMRO Bank N.V.
Internal Address:
Street Address: 208 LaSalle Street, Suite 1500
City: Chicago State: IL Zip: 60604

☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☐ Corporation-State
☑ Other Naamloze Venotschap (organized in the Netherlands)

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)
PLEASE SEE ATTACHED ANNEX I.

B. Trademark Registration No.(s)
PLEASE SEE ATTACHED ANNEX I.

Additional number(s) attached ☑ Yes ☐ No

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

Name: Penelope Agodoa
Internal Address: Federal Research Corporation
Street Address: 1030 15th Street, NW
Suite 920
City Washington State: DC Zip: 20005

6. Total number of applications and registrations involved: SEE ATTACHED 28

7. Total fee (37 CFR 3.41).....$ 715.00

☐ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Angela Cioffi — Name of Person Signing
Angela Cioffi (BG) — Signature
2/27/03 — Date

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

03/13/2003 GTON11 00000043 7A175953
01 FC:8521 40.00 OP
02 FC:8522 675.00 OP

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

Annex I
Trademarks

U.S. Trademark Registrations

Registered Owner	Mark	Registration/ Serial Number
CSX Lines, LLC[1]	NEW HORIZONS FOR SHIPPING	78/175,953
CSX Lines, LLC[1]	HORIZON LINES	78/159,524
CSX Lines, LLC[1]	FRESHCHOICE	76/132,678
CSX Lines, LLC[1]	DISCOVERING NEW HORIZONS	78/180,558
CSX Lines, LLC[1]	MISCELLANEOUS DESIGN (of man w/binoculars on boat)	78/179,087
CSX Lines, LLC[1]	MISCELLANEOUS DESIGN (of man with binoculars behind boatwheel)	78/198,674
CSX Lines, LLC[1]	SEA LOGIX	75/854,240 2,643,492
Horizon Services Group, LLC	HORIZON GLOBAL OCEAN MANAGEMENT SYSTEM	78/161,862
Horizon Services Group, LLC	HORIZON SERVICES GROUP TRANSPORTATION SOLUTIONS	78/160,656
Horizon Services Group, LLC	RATECAPTAIN	78/177,276
Horizon Services Group, LLC	HAZCAPTAIN	78/120,296
Horizon Services Group, LLC	HORIZON SERVICES GROUP	78/118,620
Horizon Services Group, LLC	LOADCAPTAIN	78/120,300
Horizon Services Group, LLC	NETCAPTAIN	76/151,459
Horizon Services Group, LLC	SAILSTAT	2,608,131
Horizon Services Group, LLC	SHIPSTAT	2,608,132
Horizon Services Group, LLC	AUTOCAPTAIN	78/152,024

[1] Trademarks owned by Horizon Lines, LLC (successor by name change to CSX Lines, LLC).

Registered Owner	Mark	Registration/ Serial Number
Horizon Services Group, LLC	PAYCAPTAIN	78/152,042
Horizon Services Group, LLC	FREIGHTCAPTAIN	78/152,040
Horizon Services Group, LLC	SEDCAPTAIN	78/152,038
Horizon Services Group, LLC	DISPATCHCAPTAIN	78/152,037
Horizon Services Group, LLC	GATECAPTAIN	78/152,034
Horizon Services Group, LLC	TEXTCAPTAIN	78/152,033
Horizon Services Group, LLC	SALESCAPTAIN	78/152,032
Horizon Services Group, LLC	RAILCAPTAIN	78/152,031
Horizon Services Group, LLC	COSTCAPTAIN	78/152,030
Horizon Services Group, LLC	ROUTECAPTAIN	78/152,028

GUARANTEE AND COLLATERAL AGREEMENT

dated as of

February 27, 2003

among

HORIZON LINES, LLC,

the Other Grantors
identified herein,

and

ABN AMRO BANK N.V.,

as Collateral Agent

[#8831-002]

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EXHIBITS:

Exhibit I	Form of Supplement
Exhibit II	Form of Perfection Certificate

GUARANTEE AND COLLATERAL AGREEMENT dated as of February 27, 2003, among Horizon Lines, LLC, a limited liability company formed under the laws of the state of Delaware (the "Borrower"), the other Grantors identified herein and ABN AMRO Bank, N.V., as collateral agent (in such capacity, the "Collateral Agent") for the Secured Parties (as defined herein).

Reference is made to the Credit Agreement dated as of February 27, 2003 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders party thereto, the Issuing Banks party thereto and ABN AMRO Bank, N.V., as administrative agent and collateral agent for the Lenders. The Lenders have agreed to extend credit to the Borrower and the Issuing Banks have agreed to issue Letters of Credit for the account of the Borrower and the Subsidiary Loan Parties, in each case subject to the terms and conditions set forth in the Credit Agreement. The obligations of the Lenders to extend such credit and the Issuing Banks to issue such Letters of Credit are conditioned upon, among other things, the execution and delivery of this Agreement. The Guarantors are Subsidiaries of the Borrower, will derive substantial benefits from the extension of credit to the Borrower and the issuance of Letters of Credit for the account of the Borrower and the Subsidiary Loan Parties pursuant to the Credit Agreement and are willing to execute and deliver this Agreement in order to induce the Lenders to extend such credit and the Issuing Banks to issue such Letters of Credit. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Credit Agreement. (a) Capitalized terms used in this Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement. All terms defined in the New York UCC (as defined herein) and not defined in this Agreement have the meanings specified therein; the term "instrument" shall have the meaning specified in Article 9 of the New York UCC.

(b) The rules of construction specified in Section 1.03 of the Credit Agreement also apply to this Agreement.

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SECTION 1.02. Other Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Account Debtor" means any Person who is or who becomes obligated to any Grantor under, with respect to or on account of an Account.

"Article 9 Collateral" has the meaning assigned to such term in Section 4.01.

"Borrower" has the meaning assigned to such term in the preliminary statement of this Agreement.

"Collateral" means Article 9 Collateral and Pledged Collateral.

"Collateral Agent" has the meaning assigned to such term in the preliminary statement to this Agreement.

"Copyright License" means any written agreement, now or hereafter in effect, granting any right to any third party under any copyright now or hereafter owned by any Grantor or that such Grantor otherwise has the right to license, or granting any right to any Grantor under any copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

"Copyrights" means all of the following now owned or hereafter acquired by any Grantor: (a) all copyright rights in any work subject to the copyright laws of the United States, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule I.

"Credit Agreement" has the meaning assigned to such term in the preliminary statement of this Agreement.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person and any warrants, options or other rights to acquire any of the foregoing.

"Federal Securities Laws" has the meaning assigned to such term in Section 5.04.

"General Intangibles" means all choses in action and causes of action and all other intangible personal property of any Grantor of every kind and nature (other than Accounts) now owned or hereafter acquired by any Grantor, including (a) any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any Account, (b) corporate or other business records, (c) indemnification claims, (d) payment intangibles, (e) contract rights (including rights under leases, whether entered into as lessor or lessee, Swap Agreements and other agreements except (x) rights (other than rights to receive payment) under leases or charters covering United States-flag Vessels qualified to engage in the coastwise trade of the United States and (y) rights under insurance assigned to the Mortgage Trustee pursuant to an Assignment of Insurance), (f) Intellectual Property, (g) goodwill, (h) registrations, (i) franchises and (j) tax refund claims.

"Grantors" means the Borrower and the Guarantors.

"Guarantors" means (a) the Subsidiaries identified on Schedule II hereto and (b) each other Subsidiary that becomes a party to this Agreement as contemplated by Section 7.15, but excluding any such Subsidiary that ceases to be a party to this Agreement in accordance with Section 7.14.

"Intellectual Property" means all intellectual property of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"License" means any Patent License, Trademark License, Copyright License or other license or sublicense agreement relating to Intellectual Property to which any Grantor is a party, including those listed on Schedule III.

"Loan Document Obligations" means (a) the due and punctual payment by the Borrower of (i) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at

maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and obligations to provide cash collateral, and (iii) all other monetary obligations of the Borrower to any of the Secured Parties under the Credit Agreement and each of the other Loan Documents, including obligations to pay fees, expense and reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), (b) the due and punctual performance of all other obligations of the Borrower under or pursuant to the Credit Agreement and each of the other Loan Documents and (c) the due and punctual payment and performance of all the obligations of each other Loan Party under or pursuant to this Agreement and each of the other Loan Documents.

"New York UCC" means the Uniform Commercial Code as from time to time in effect in the State of New York.

"Obligations" means (a) Loan Document Obligations and (b) the due and punctual payment and performance of all obligations of each Loan Party under each Swap Agreement that (i) is entered into after the Effective Date with any counterparty that is a Lender or an Affiliate of a Lender at the time such Swap Agreement is entered into or (ii) is in effect with a counterparty that is becomes Lender or an Affiliate of such Person as of the date such Person becomes a Lender.

"Patent License" means any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a patent, now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement.

"Patents" means all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States, all registrations and recordings

thereof, and all applications for letters patent of the United States, including registrations, recordings and pending applications in the United States Patent and Trademark Office, including those listed on Schedule IV, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Perfection Certificate" means a certificate substantially in the form of Exhibit II, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Financial Officer.

"Pledged Collateral" has the meaning assigned to such term in Section 3.01.

"Pledged Debt Securities" has the meaning assigned to such term in Section 3.01.

"Pledged Securities" means any promissory notes, stock certificates or other securities now or hereafter included in the Pledged Collateral, including all certificates, instruments or other documents representing or evidencing any Pledged Collateral.

"Pledged Stock" has the meaning assigned to such term in Section 3.01.

"Proceeds" has the meaning specified in Section 9-102 of the New York UCC.

"Secured Parties" means (a) the Lenders, (b) the Administrative Agent, (c) the Collateral Agent, (d) the Issuing Banks, (e) each counterparty to any Swap Agreement with a Loan Party the obligations under which constitute Obligations, (f) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document and (g) the permitted successors and assigns of each of the foregoing.

"Security Interest" has the meaning assigned to such term in Section 4.01.

"Trademark License" means any written agreement, now or hereafter in effect, granting to any third party any right to use any trademark now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, or granting to any Grantor any right to use any trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

"Trademarks" means all of the following now owned or hereafter acquired by any Grantor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in any State of the United States, and all extensions or renewals thereof, including those listed on Schedule V, (b) all goodwill associated therewith or symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

ARTICLE II

Guarantee

SECTION 2.01. Guarantee. Each Guarantor unconditionally and irrevocably guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment and performance of the Obligations. Each Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation. Each of the Guarantors waives presentment to, demand of payment from and protest to the Borrower or any other Loan Party of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment.

SECTION 2.02. Guarantee of Payment. Each of the Guarantors further agrees that its guarantee hereunder constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Collateral Agent or any other Secured Party to any security held for the payment of the Obligations or to any balance of any Deposit Account or credit on the books of the Collateral Agent or any other Secured Party in favor of the Borrower or any other Person.

SECTION 2.03. No Limitations. (a) Except for termination of a Guarantor's obligations hereunder as expressly provided in Section 7.14, the obligations of each Guarantor hereunder shall not be subject to any reduction,

limitation, impairment or termination for any reason (other than the payment in full in cash of the Obligations), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by (i) the failure of the Collateral Agent or any other Secured Party to assert any claim or demand or to enforce any right or remedy under the provisions of any Loan Document or otherwise; (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Loan Document or any other agreement, including with respect to any other Guarantor under this Agreement; (iii) the release of any security held by the Collateral Agent or any other Secured Party for the Obligations or any of them; (iv) any default, failure or delay, wilful or otherwise, in the performance of the Obligations; or (v) any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the payment in full in cash of all the Obligations). Each Guarantor expressly authorizes the Secured Parties to take and hold security as set forth in the Loan Documents for the payment and performance of the Obligations, to exchange, waive or release any or all such security (with or without consideration), to enforce or apply such security and direct the order and manner of any sale thereof in their sole discretion and to release or substitute any one or more other guarantors or obligors upon or in respect of the Obligations, all without affecting the obligations of any Guarantor hereunder.

(b) To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of any defense of the Borrower or any other Loan Party or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower or any other Loan Party, other than the payment in full in cash of all the Obligations. The Collateral Agent and the other Secured Parties may, at their election, in accordance with the terms hereof and any other Loan Document foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with the Borrower or any other Loan Party or exercise any other right or

remedy available to them against the Borrower or any other Loan Party, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been paid in full in cash. To the fullest extent permitted by applicable law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other Loan Party, as the case may be, or any security.

SECTION 2.04. Reinstatement. Each of the Guarantors agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Collateral Agent or any other Secured Party upon the bankruptcy or reorganization of the Borrower, any other Loan Party or otherwise.

SECTION 2.05. Agreement To Pay; Subrogation. In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any other Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Loan Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Collateral Agent for distribution to the applicable Secured Parties in cash the amount of such unpaid Obligation. Upon payment by any Guarantor of any sums to the Collateral Agent as provided above, all rights of such Guarantor against the Borrower or any other Guarantor arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subject to Article VI.

SECTION 2.06. Information. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each other Loan Party's financial condition and assets and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Collateral Agent or the other Secured Parties will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

ARTICLE III

Pledge of Securities

SECTION 3.01. Pledge. As security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby pledges to the Collateral Agent (and its successors and assigns as Collateral Agent permitted under the Credit Agreement), for the ratable benefit of the Secured Parties, and hereby grants to the Collateral Agent (and its successors and assigns as Collateral Agent permitted under the Credit Agreement), for the ratable benefit of the Secured Parties, a security interest in, all of such Grantor's right, title and interest in, to and under: (a) the shares of capital stock and other Equity Interests owned by it and listed on Schedule VI and any other Equity Interests obtained in the future by such Grantor and the certificates, if any, representing all such Equity Interests (the "Pledged Stock"); provided that the Pledged Stock shall not include more than 65% of the issued and outstanding voting Equity Interests of any Foreign Subsidiary nor more than 24.9% of the Equity Interests of any Person owning or operating any United States-flag Vessels qualified to engage in the coastwise trade of the United States; (b)(i) the debt securities listed opposite the name of such Grantor on Schedule VI, (ii) any debt securities in the future issued to such Grantor other than (x) Permitted Investments and (y) any debt securities issued by Persons other than the Borrower or any Subsidiary in a principal amount less than $500,000 and (iii) the promissory notes, if any, and any other instruments evidencing debt securities covered by clauses (b)(i) and (b)(ii) of this Section 3.01 (collectively, the "Pledged Debt Securities"); (c) subject to Section 3.06, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other Proceeds received in respect of, the securities referred to in clauses (a) and (b) above; (d) subject to Section 3.06, all rights and privileges of such Grantor with respect to the securities and other property referred to in clauses (a), (b), and (c) above; and (e) all Proceeds of any of the foregoing (the items referred to in clauses (a) through (f) above being collectively referred to as the "Pledged Collateral"), subject to the terms, covenants and conditions hereinafter set forth.

SECTION 3.02. Delivery of the Pledged Collateral. (a) Each Grantor agrees to deliver or cause to be delivered to the Collateral Agent any and all Pledged Securities upon the Effective Date (or, in the case of Pledged Securities

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issued to, acquired by or otherwise received by any Grantor following the Effective Date, promptly following such issuance, acquisition or receipt).

(b) Each Grantor will cause any Indebtedness for borrowed money (x) with a principal amount greater than $500,000 owed to such Grantor by any Person other than the Borrower or any Subsidiary and (y) with any principal amount owned to such Grantor by the Borrower or any Subsidiary to be evidenced by a duly executed promissory note that is pledged and delivered to the Collateral Agent pursuant to the terms hereof.

(c) Upon delivery to the Collateral Agent, (i) any Pledged Securities shall be accompanied by stock powers duly executed in blank or other instruments of transfer satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request and (ii) all other property comprising part of the Pledged Collateral shall be accompanied by proper instruments of assignment duly executed by the applicable Grantor and such other instruments or documents as the Collateral Agent may reasonably request. Each delivery of Pledged Securities shall be accompanied by a schedule describing the securities, which schedule shall be attached hereto as Schedule VI and made a part hereof; provided that failure to attach any such schedule hereto shall not affect the validity of such pledge of such Pledged Securities. Each schedule so delivered shall supplement any prior schedules so delivered.

SECTION 3.03. Representations, Warranties and Covenants. The Grantors jointly and severally represent, warrant and covenant to and with the Collateral Agent, for the ratable benefit of the Secured Parties, that:

(a) As of the Effective Date, Schedule VI correctly sets forth (i)(A) the issuer, the certificate number (if certificated), the registered owner, the number and class and the percentage of the issued and outstanding Equity Interests of such class of all Pledged Stock and (B) the issuer, the initial principal amount, date of promissory note and maturity date of all Pledged Debt Securities and (ii) includes all Equity Interests, debt securities and promissory notes required to be pledged hereunder in order to satisfy the Collateral and Guarantee Requirement;

(b) the Pledged Stock and Pledged Debt Securities have been duly and validly authorized and issued by the issuers thereof and (i) in the case of Pledged Stock,

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are fully paid and nonassessable and (ii) in the case of Pledged Debt Securities issued by any Subsidiary or other Person Controlled by the Borrower or any Subsidiary, are legal, valid and binding obligations of the issuers thereof;

(c) except for the security interests granted hereunder, each of the Grantors (i) is and, subject to any transfers made in compliance with the Credit Agreement, will continue to be the direct owner, beneficially and of record, of the Pledged Securities set forth on Schedule VI as owned by such Grantor, (ii) holds the Pledged Securities indicated on Schedule VI free and clear of all Liens, other than Liens created by this Agreement and Permitted Encumbrances, (iii) will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other Lien on, the Pledged Collateral, other than Liens created by this Agreement, Permitted Encumbrances and transfers made in compliance with the Credit Agreement, and (iv) will defend its title or interest thereto or therein against any and all Liens (other than the Liens created by this Agreement and those permitted pursuant to Section 6.02 of the Credit Agreement), however arising, of all Persons whomsoever;

(d) except for restrictions and limitations imposed by the Loan Documents or securities laws generally or to the extent permitted by Section 6.10 of the Credit Agreement, the Pledged Collateral is and will continue to be freely transferable and assignable, and none of the Pledged Collateral is or will be subject to any option, right of first refusal, shareholders agreement, charter or by-law provisions or contractual restriction of any nature that might prohibit, impair, delay or otherwise affect the pledge of such Pledged Collateral hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder;

(e) each of the Grantors has the power and authority to pledge the Pledged Collateral pledged by it hereunder in the manner hereby done or contemplated;

(f) no consent or approval of any Governmental Authority, any securities exchange or any other Person (including stockholders, partners, members or creditors of any Grantor) was or is necessary to the validity of the pledge effected hereby (other than such as have been obtained and are in full force and effect);

(g) by virtue of the execution and delivery by the Grantors of this Agreement, when any Pledged Securities are delivered to the Collateral Agent in accordance with this Agreement, the Collateral Agent will obtain a legal, valid and perfected first priority lien upon and security interest in such Pledged Securities as security for the payment and performance of the Obligations; and

(h) the pledge effected hereby is effective to vest in the Collateral Agent, for the benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral as set forth herein to the extent permitted by applicable law.

SECTION 3.04. Certification of Limited Liability Company and Limited Partnership Interests. Each interest in any limited liability company or limited partnership controlled by any Grantor and pledged hereunder shall be represented by a certificate and in the organizational documents of such limited liability company or limited partnership, the issuer of such interests shall elect to treat such interests as a "security" within the meaning of Article 8 of the New York UCC and, accordingly, such interests shall be governed by Article 8 of the New York UCC; provided that the Grantors shall only be required to use commercially reasonable efforts to cause the foregoing requirements of this Section 3.04 to be satisfied by an issuer in which the Borrower and the Subsidiaries, individually or in the aggregate, own or Control less than 40.0% of the aggregate number of the applicable class of interests issued by such issuer (it being understood that this proviso shall not apply to interests issued by any Person deemed to be a Subsidiary).

SECTION 3.05. Denominations. The Collateral Agent shall at all times have the right to exchange the certificates representing Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

SECTION 3.06. Voting Rights; Dividends and Interest. (a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent shall have notified the Grantors that their rights under this Section are being suspended:

(i) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Securities or any part thereof for any purpose consistent with the terms

of this Agreement, the Credit Agreement and the other Loan Documents; provided that such rights and powers shall not be exercised in any manner that could materially and adversely affect the rights inuring to a holder of any Pledged Securities or the rights and remedies of any of the Collateral Agent or the other Secured Parties under this Agreement or the Credit Agreement or any other Loan Document or the ability of the Secured Parties to exercise the same.

(ii) The Collateral Agent shall execute and deliver to each Grantor, or cause to be executed and delivered to such Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subparagraph (i) above.

(iii) Each Grantor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Securities to the extent and only to the extent that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable laws; provided that any noncash dividends, interest, principal or other distributions that would constitute Pledged Stock or Pledged Debt Securities, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by any Grantor, shall not be commingled by such Grantor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent and shall be forthwith delivered to the Collateral Agent in the same form as so received (with any necessary endorsement).

(b) Upon the occurrence and during the continuance of an Event of Default, all rights of any Grantor to dividends, interest, principal or other distributions that such Grantor is authorized to receive pursuant to paragraph (a)(iii) of this Section 3.06 shall be

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suspended, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by any Grantor contrary to the provisions of this Section 3.06 shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Collateral Agent in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this paragraph (b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 5.02. After all Events of Default have been cured or waived and the Borrower has delivered to the Collateral Agent a certificate to that effect, the Collateral Agent shall promptly repay to each Grantor (without interest) all dividends, interest, principal or other distributions that such Grantor would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) of this Section 3.06 and that remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified the Grantors of the suspension of their rights under paragraph (a)(i) of this Section 3.06, all rights of any Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section 3.06, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 3.06, shall be suspended, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that, unless otherwise directed by the Required Lenders, the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Grantors to exercise such rights. After all Events of Default have been cured or waived and the Borrower has delivered to the Collateral Agent a certificate to that effect, each Grantor will have the right to exercise the voting and consensual rights and powers that such Grantor would otherwise be entitled to exercise pursuant to the terms of paragraph (a)(i) of this Section 3.06 (and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 3.06 shall be reinstated).

ARTICLE IV

Security Interests in Personal Property

SECTION 4.01. Security Interest. (a) As security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby grants to the Collateral Agent (and its successors and assigns as Collateral Agent permitted under the Credit Agreement), for the ratable benefit of the Secured Parties, a security interest (the "Security Interest") in all of such Grantor's right, title or interest in, to or under any and all of the following assets and properties now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Article 9 Collateral"):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Documents;

(iv) all Equipment;

(v) all General Intangibles;

(vi) all Instruments;

(vii) all Inventory;

(viii) all Investment Property;

(ix) all Fixtures;

(x) Letter-of-credit rights;

(xi) commercial tort claims;

(xii) all books and records pertaining to the Article 9 Collateral; and

(xiii) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing;

provided that notwithstanding the foregoing the Article 9 Collateral shall not include (A) more than 65% of the issued

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and outstanding voting Equity Interests of any Foreign Subsidiary nor more than 24.9% of the Equity Interests of any Person owning or operating any United States-flag Vessels qualified to engage in the coastwise trade of the United States; (B) the CCF Account to the extent the granting of the Security Interest therein is not consented to by the Maritime Administration of the United States Department of Transportation following commercially reasonable efforts by the Borrower to obtain such consent promptly after the Effective Date; provided that the actions required pursuant to this clause (B) need only be taken to the extent there are no adverse tax consequences to the Borrower or its Members as a result of the granting of the Security Interest in the CCF Account; (C) any lease, license, permit, contract, property right or agreement if and for so long as the grant of the Security Interest therein shall constitute or result in a breach, termination or default under such lease, license, permit, contract, property right or agreement (other than to the extent that any such term would be rendered ineffective under Sections 9-406, 9-407, 9-408 or 9-409 of the New York UCC or any other applicable law or principal of equity) (it being understood that the Security Interest shall attach immediately, without further action by any Person, to any portion of any such lease, license, permit, contract, property right or agreement that does not constitute or result in a breach, termination or default thereunder); (D) any property subject to any negative pledge clause of similar restriction on assignment to the extent permitted by Section 6.10 of the Credit Agreement; (E) any owned Vessel that is the subject of a Vessel Mortgage; and (F) any Chartered Vessel.

(b) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file in any relevant jurisdiction any initial financing statements (including fixture filings) with respect to the Article 9 Collateral or any part thereof and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment, including (i) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor and (ii) in the case of a financing statement filed as a fixture filing or covering Article 9 Collateral constituting minerals or the like to be extracted or timber to be cut, a sufficient description of the real property to which such Article 9 Collateral relates. Each Grantor agrees to provide such information to the Collateral Agent promptly upon request.

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The Collateral Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office (or, in each case, any successor office) such documents as may be necessary for the purpose of perfecting or maintaining the perfection of the Security Interest granted by each Grantor, without the signature of any Grantor and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party.

(c) The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Article 9 Collateral.

SECTION 4.02. Representations and Warranties. The Grantors jointly and severally represent and warrant to the Collateral Agent and the Secured Parties that:

(a) Each Grantor has good and valid rights in and title to the Article 9 Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Article 9 Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person (other than any consent or approval that has been obtained and is in full force and effect).

(b) The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein, including the exact legal name of each Grantor, is correct and complete as of the Effective Date. The Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Article 9 Collateral, which have been prepared by the Collateral Agent based upon the information provided to the Collateral Agent in the Perfection Certificate for filing in each governmental, municipal or other office specified in Schedule 5 to the Perfection Certificate (or specified by notice from the Borrower to the Collateral Agent after the Effective Date in the case of filings, recordings or registrations required by Section 5.04 or 5.14 of the Credit Agreement), have been reviewed by or on behalf of the Grantors and constitute all the filings, recordings and registrations (other than filings required to be made

in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Article 9 Collateral consisting of United States Patents, United States registered Trademarks and United States registered Copyrights) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the Secured Parties) in respect of all Article 9 Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements or amendments. Each Grantor represents and warrants that a fully executed agreement in the form hereof and containing a description of all Article 9 Collateral consisting of Intellectual Property with respect to United States Patents (and Patents for which United States registration applications are pending) and United States registered Trademarks (and Trademarks for which United States registration applications are pending) and United States registered Copyrights (and Copyrights for which United States registration applications are pending) has been delivered to the Collateral Agent for recording with the United States Patent and Trademark Office and the United States Copyright Office pursuant to 35 U.S.C. § 261, 15 U.S.C. § 1060 or 17 U.S.C. § 205 and the regulations thereunder, as applicable, and otherwise as may be required pursuant to the laws of any other necessary jurisdiction, to protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral consisting of Patents, Trademarks and Copyrights in which a security interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, or in any other necessary jurisdiction, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary (other than such actions as are necessary to perfect the Security Interest with respect to any Article 9 Collateral consisting of Patents, Trademarks and Copyrights (or registration or

application for registration thereof) acquired or developed after the date hereof).

(c) The Article 9 Collateral is owned by the Grantors free and clear of any Lien, other than Permitted Encumbrances and Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement. None of the Grantors hold any commercial tort claim as of the Effective Date except as indicated on the Perfection Certificate.

SECTION 4.03. Covenants. (a) Each Grantor agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Article 9 Collateral owned by it as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged, which shall in any event include complete accounting records indicating all payments and proceeds received with respect to any part of the Article 9 Collateral.

(b) Each Grantor shall, at its own expense, take any and all actions necessary to defend title to the Article 9 Collateral against all Persons and to defend the Security Interest of the Collateral Agent in the Article 9 Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Credit Agreement.

(c) Each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such commercially reasonable actions as the Collateral Agent may from time to time reasonably request to perfect and maintain the perfection of the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith. If any amount payable under or in connection with any of the Article 9 Collateral shall be or become evidenced by any promissory note or other instrument (except to the extent already evidenced by a promissory note pledged hereunder), the Grantor shall promptly notify the Collateral Agent thereof to the extent such promissory note or other instrument is a promissory note or other instrument issued or originated by the Borrower or any Subsidiary or a promissory note or other instrument with an initial principal amount greater than $500,000, and, upon request by

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the Collateral Agent, such promissory note or other instrument shall be promptly pledged and delivered to the Collateral Agent, duly endorsed accordance with Section 3.02.

(d) The Collateral Agent and such Persons as the Collateral Agent may reasonably designate shall have the right, at the Grantors' own cost and expense, to inspect the Article 9 Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Article 9 Collateral is located, to discuss the Grantors' respective affairs, finances and accounts with their respective officers and independent public accountants and to verify under reasonable procedures, in accordance with Section 5.11 of the Credit Agreement, the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Article 9 Collateral, all at the expense of the Borrower and at reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, unless an Event of Default has occurred and is continuing, the Borrower shall only be required to bear the expense of such inspections once per year. The Collateral Agent shall have the absolute right to share any information it gains from such inspection or verification with any Secured Party in accordance with the Loan Documents.

(e) At its option, the Collateral Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Article 9 Collateral and not permitted pursuant to Section 6.02 of the Credit Agreement, and may pay for the maintenance and preservation of the Article 9 Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, after the expiration of any applicable cure or grace period, and each Grantor jointly and severally agrees to reimburse the Collateral Agent promptly after receipt of a reasonably detailed written statement for any payment made or any out-of-pocket expense incurred by the Collateral Agent pursuant to the foregoing authorization; provided that nothing in this paragraph shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances or maintenance or preservation as set forth herein or in the other Loan Documents.

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(f) If at any time any Grantor shall take a security interest in (including a pledge of) (x) any property of an Account Debtor or any other Person to secure payment and performance of an Account in a principal amount greater than $100,000 that is Article 9 Collateral or (y) the Equity Interests of Lines of Puerto Rico, such Grantor shall promptly assign such security interest and deliver any pledged property (accompanied by stock powers duly executed in blank or other instruments of transfer satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request) to the Collateral Agent; provided that, in the case of clause (y) hereof, such actions need only be taken to the extent there are no adverse tax consequences to the Borrower or its Members as a result of such assignment to the Collateral Agent. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other Person granting the security interest.

(g) Each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Article 9 Collateral, all in accordance with the terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold harmless the Collateral Agent and the Secured Parties from and against any and all liability for such performance.

(h) None of the Grantors shall create, incur, assume or permit to exist any Lien, including with respect to the Article 9 Collateral, except as expressly permitted by Section 6.02 of the Credit Agreement. None of the Grantors shall sell, transfer, lease or otherwise dispose of any asset, including any Article 9 Collateral, except in accordance with Section 6.05 of the Credit Agreement. Without limiting the generality of the foregoing, each Grantor agrees that it shall not permit any material Inventory to be in the possession or control of any warehouseman, agent, bailee, or processor at any time unless such warehouseman, agent, bailee, or processor shall have been notified of the Security Interest and shall have acknowledged in writing, in form and substance reasonably satisfactory to the Collateral Agent, that such warehouseman, agent, bailee or processor holds the Inventory for the benefit of the Collateral Agent subject to the Security Interest and shall act upon the instructions of the Collateral Agent without further consent from the Grantor, and that such warehouseman, agent, bailee or processor further agrees to waive and release any Lien held by it with

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respect to such Inventory, whether arising by operation of law or otherwise.

(i) None of the Grantors will, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any Accounts included in the Article 9 Collateral, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, compromises, settlements, releases, credits or discounts granted or made in the ordinary course of business and consistent with its current practices and in accordance with such prudent and standard practice used in industries that are the same as or similar to those in which such Grantor is engaged.

(j) The Grantors, at their own expense, shall maintain or cause to be maintained insurance covering physical loss or damage to the Inventory and Equipment in accordance with the requirements set forth in Schedule VII hereto and Section 5.07 of the Credit Agreement. Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Article 9 Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Collateral Agent may, after the expiration of any applicable cure or grace period provided for herein, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent deems necessary. All sums disbursed by the Collateral Agent in connection with this paragraph, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, promptly after receipt of a reasonably detailed written statement, by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

(k) Each Grantor shall maintain proper books of record and account, including with respect to Chattel Paper, in accordance with Section 5.11 of the Credit Agreement.

SECTION 4.04. Other Actions. In order to further insure the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Security Interest, each Grantor agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Article 9 Collateral:

(a) Instruments. If any Grantor shall at any time hold or acquire any Instrument issued or originated by the Borrower or any Subsidiary or any Instrument with an initial principal amount greater than $500,000 (other than checks and other payment Instruments received and collected in the ordinary course of business which are not expected to be held by the applicable Grantor for a period in excess of 15 days) included in the Article 9 Collateral, such Grantor shall promptly notify the Collateral Agent thereof, and, upon request by the Collateral Agent, endorse, assign and deliver the same to the Collateral Agent, accompanied by instruments of transfer or assignment duly executed in blank.

(b) Investment Property. Except to the extent otherwise provided in Article III, if any Grantor shall at any time hold or acquire any certificated securities, such Grantor shall promptly notify the Collateral Agent thereof, and, upon request by the Collateral Agent, endorse, assign and deliver the same to the Collateral Agent, accompanied by instruments of transfer or assignment duly executed in blank. If any securities now or hereafter acquired by any Grantor are uncertificated and are issued to such Grantor or its nominee directly by the issuer thereof, such Grantor shall promptly notify the Collateral Agent thereof and, at the Collateral Agent's request, use commercially reasonable efforts to either (i) cause the issuer to agree to comply with instructions from the Collateral Agent as to such securities, without further consent of any Grantor or such nominee, or (ii) arrange for the Collateral Agent to become the registered owner of the securities, in each case pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by any Grantor (other than Permitted Investments) are held by such Grantor or its nominee through a securities

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intermediary or commodity intermediary, such Grantor shall promptly notify the Collateral Agent thereof and, at the Collateral Agent's request, use commercially reasonable efforts to either (i) cause such securities intermediary or commodity intermediary, as the case may be, to agree to comply with entitlement orders or other instructions from the Collateral Agent to, in the case of a securities entitlement, such securities intermediary as to such security entitlement, or, in the case of a commodity contract, to apply any value distributed on account of any commodity contract as directed by the Collateral Agent to such commodity intermediary, in each case without further consent of any Grantor or such nominee during the continuance of an Event of Default, or (ii) in the case of Financial Assets or other Investment Property held through a securities intermediary, arrange for the Collateral Agent to become the entitlement holder with respect to such investment property, with the Grantor being permitted, only with the consent of the Collateral Agent, to exercise rights to withdraw or otherwise deal with such investment property, in each case pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent. The Collateral Agent agrees with each of the Grantors that the Collateral Agent shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by any Grantor, unless an Event of Default has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights, an Event of Default would occur. The provisions of this paragraph shall not apply to any Financial Assets credited to a securities account for which the Collateral Agent is the securities intermediary.

(c) Electronic Chattel Paper and Transferable Records. If any Grantor at any time holds or acquires an interest in any electronic Chattel Paper or any "transferable record", as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, in each case in an amount greater than $100,000, such Grantor shall promptly notify the Collateral Agent thereof and, at the request of the Collateral Agent, shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control under New York UCC

Section 9-105 of such electronic Chattel Paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such "transferable record". The Collateral Agent agrees with such Grantor that the Collateral Agent will arrange, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for the Grantor to make alterations to the electronic Chattel Paper or "transferable record" (as defined above) permitted under UCC Section 9-105 or, as the case may be, Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless an Event of Default has occurred and is continuing or could reasonably be expected to occur after taking into account any action by such Grantor with respect to such electronic Chattel Paper or "transferable record".

(d) Letter of Credit Rights. If any Grantor is at any time a beneficiary under a letter of credit now or hereafter issued in favor of such Grantor, such Grantor shall promptly notify the Collateral Agent thereof and, at the request of the Collateral Agent, such Grantor shall use commercially reasonable efforts to either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Collateral Agent of the proceeds of any drawing under the letter of credit or (ii) arrange for the Collateral Agent to become the transferee beneficiary of the letter of credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the letter of credit are to be paid to the applicable Grantor unless an Event of Default has occurred and is continuing, in each case pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent.

(e) Commercial Tort Claims. If any Grantor shall at any time hold or acquire a commercial tort claim in an amount reasonably estimated to exceed $1,000,000, the Grantor shall promptly notify the Collateral Agent thereof in a writing signed by such Grantor including a summary description of such claim and grant to the Collateral Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and

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substance reasonably satisfactory to the Collateral Agent.

SECTION 4.05. Covenants Regarding Patent, Trademark and Copyright Collateral. (a) Each Grantor agrees that it will not take any action or omit to take any action (and will exercise commercially reasonable efforts to prevent its licensees from taking any action or omitting to take any action) whereby any Patent that is material to the conduct of such Grantor's business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products covered by a material Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws.

(b) Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Grantor's business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark, (iii) display such Trademark with notice of Federal or foreign registration to the extent necessary and sufficient to establish and preserve its maximum rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

(c) Each Grantor (either itself or through its licensees or sublicensees) will, for each work covered by a material Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice to the extent necessary and sufficient to establish and preserve its maximum rights under applicable law.

(d) Each Grantor shall notify the Collateral Agent promptly if it knows that (i) any Patent, Trademark or Copyright material to the conduct of its business may become abandoned, lost or dedicated to the public, or (ii) of any materially adverse determination or development (including any such determination or development in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office or the institution of such a proceeding that could reasonably be expected to result in any such determination or development) regarding such Grantor's ownership of any Patent, Trademark or Copyright material to the conduct of its business, its right to register the same, or its right to keep and maintain the same.

(e) In no event shall any Grantor, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States, unless it promptly informs the Collateral Agent, and, upon request of the Collateral Agent, executes and delivers any and all agreements, instruments, documents and papers as the Collateral Agent may reasonably request to evidence the Collateral Agent's security interest in such Patent, Trademark or Copyright, and each Grantor hereby appoints the Collateral Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all legal acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable.

(f) Each Grantor will take all commercially reasonable steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of such Grantor's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with its business judgment, to initiate opposition, interference and cancelation proceedings against third parties.

(g) In the event that any Grantor has reason to believe that any Article 9 Collateral consisting of a Patent, Trademark or Copyright material to the conduct of any Grantor's business has been or is about to be infringed, misappropriated or diluted by a third party, such Grantor promptly shall notify the Collateral Agent and shall, if consistent with its business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Article 9 Collateral.

(h) Upon and during the continuance of an Event of Default at the Collateral Agent's request, each Grantor shall use its commercially reasonable efforts to obtain all requisite consents or approvals by the licensor of each

Copyright License, Patent License or Trademark License to effect the assignment of all such Grantor's right, title and interest thereunder to the Collateral Agent or its designee.

ARTICLE V

Remedies

SECTION 5.01. Remedies Upon Default. Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver or make available, in each case at a reasonable location, each item of Article 9 Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any or all the following actions at the same or different times: (a) with respect to any Article 9 Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Article 9 Collateral by the applicable Grantors to the Collateral Agent, or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any such Article 9 Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained), and (b) with or without legal process and with or without prior notice (other than as required herein or in the Credit Agreement) or demand for performance, to take possession of the Article 9 Collateral and without liability for trespass to enter peaceably any premises where the Article 9 Collateral may be located for the purpose of taking possession of or removing the Article 9 Collateral and, generally, to exercise any and all rights afforded to a secured party under the New York UCC or its equivalent in other jurisdictions or other applicable law. Without limiting the generality of the foregoing, each Grantor agrees that the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers of Pledged Collateral to Persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the

Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each purchaser at any sale of Collateral shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each Grantor hereby waives and releases (to the extent permitted by law) all rights of redemption, stay, valuation and appraisal that such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the applicable Grantors 10 days' written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-611 of the New York UCC or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, 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. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Agreement, any Secured Party may bid for or purchase, free (to the extent permitted by law) from any rights of redemption, stay, valuation and appraisal on the part of any

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Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and, subject to (x) the satisfaction in full in cash of all payments due pursuant to paragraph "First" of Section 5.02 hereof, (y) the pro rata satisfaction of the Obligations in accordance with paragraph "Second" of Section 5.02 hereof and (z) Section 2.18 of the Credit Agreement, may make payment on account thereof by using any Obligation then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such Collateral without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction. Any sale pursuant to the provisions of this Section 5.01 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the New York UCC or its equivalent in other jurisdictions.

SECTION 5.02. Application of Proceeds. In connection with exercising its remedies hereunder, the Collateral Agent shall apply the proceeds of any collection or sale of Collateral, including any Collateral consisting of cash, as follows:

FIRST, to the payment of all costs and expenses incurred by the Administrative Agent or the Collateral Agent in connection with such collection or sale or otherwise in connection with this Agreement, any other Loan Document or any of the Obligations, including all court costs and the fees and expenses of its agents and legal counsel, the repayment of all advances made by the Administrative Agent or the Collateral Agent hereunder or under any other Loan Document on behalf of any Grantor and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document;

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SECOND, to the payment in full of the Obligations then due and owing (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of the Obligations owed to them on the date of any such distribution); and

THIRD, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the purchase money or other consideration by the Collateral Agent or by the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 5.03. Grant of License to Use Intellectual Property. If an Event of Default has occurred and is continuing, for the purpose of enabling the Collateral Agent to exercise rights and remedies under this Agreement, each Grantor hereby grants to the Collateral Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, license or sublicense any of the Article 9 Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent may be exercised, at the option of the Collateral Agent, upon the occurrence and during the continuation of an Event of Default; provided that any license, sublicense or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon the Grantors notwithstanding any subsequent cure of an Event of Default.

SECTION 5.04. Securities Act. In view of the position of the Grantors in relation to the Pledged Collateral, or because of other current or future circumstances, a question may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar

statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "Federal Securities Laws") with respect to any disposition of the Pledged Collateral permitted hereunder. Each Grantor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Pledged Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Pledged Collateral under applicable Blue Sky or other state securities laws or similar laws analogous in purpose or effect. Each Grantor recognizes that in light of such restrictions and limitations the Collateral Agent may, with respect to any sale of the Pledged Collateral, limit the purchasers to those who will agree, among other things, to acquire such Pledged Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that in light of such restrictions and limitations, the Collateral Agent, in its sole and absolute discretion (a) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Collateral or part thereof shall have been filed under the Federal Securities Laws and (b) may approach and negotiate with a single potential purchaser to effect such sale. Each Grantor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Collateral Agent shall incur no responsibility or liability for selling all or any part of the Pledged Collateral at a price that the Collateral Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this Section 5.04 will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Collateral Agent sells.

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ARTICLE VI

Indemnity, Subrogation and Subordination

SECTION 6.01. Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 6.03), the Borrower agrees that (a) in the event a payment of an obligation shall be made by any Guarantor under this Agreement in respect of any Obligation, the Borrower shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the Person to whom such payment shall have been made to the extent of such payment and (b) in the event any assets of any Guarantor shall be sold pursuant to this Agreement or any other Security Document to satisfy in whole or in part an Obligation, the Borrower shall indemnify such Guarantor in an amount equal to the greater of the book value or the fair market value of the assets so sold.

SECTION 6.02. Contribution and Subrogation. Each Guarantor (a "Contributing Guarantor") agrees (subject to Section 6.03) that, in the event (i) a payment shall be made by any other Guarantor hereunder in respect of any Obligation or (ii) assets of any other Guarantor shall be sold pursuant to any Security Document to satisfy any Obligation and such other Guarantor (the "Claiming Guarantor") shall not have been fully indemnified by the Borrower as provided in Section 6.01, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as the case may be, in each case multiplied by a fraction of which the numerator shall be the net worth of the Contributing Guarantor on the date hereof and the denominator shall be the aggregate net worth of all the Guarantors on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 7.15, the date of the supplement hereto executed and delivered by such Guarantor). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 6.02 shall be subrogated to the rights of such Claiming Guarantor under Section 6.01 to the extent of such payment.

SECTION 6.03. Subordination. (a) Notwithstanding any provision of this Agreement to the contrary, all rights of the Guarantors under Sections 6.01 and 6.02 and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Obligations.

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No failure on the part of the Borrower or any Guarantor to make the payments required by Sections 6.01 and 6.02 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor hereunder.

(b) Each Guarantor hereby agrees that all Indebtedness and other monetary obligations owed by it to the Borrower, any other Guarantor or any other Subsidiary shall be fully subordinated to the indefeasible payment in full in cash of the Obligations.

ARTICLE VII

Miscellaneous

SECTION 7.01. Notices. All notices and other communications hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement. All notices and communications hereunder to any Guarantor shall be given to it in care of the Borrower as provided in Section 9.01 of the Credit Agreement.

SECTION 7.02. Security Interest Absolute. All rights of the Collateral Agent hereunder, the Security Interest, the grant of a security interest in the Pledged Collateral and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) 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, any other Loan Document or any other agreement or instrument relating to the foregoing, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or this Agreement, except indefeasible payment in full in cash of the Obligations.

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SECTION 7.03. Survival of Agreement. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuances of any Letters of Credit, regardless of any investigation made by any Lender or on its behalf and notwithstanding that the Administrative Agent, the Collateral Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended under the Credit Agreement, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under any Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated.

SECTION 7.04. Binding Effect; Several Agreements. This Agreement shall become effective as to any Loan Party when a counterpart hereof executed on behalf of such Loan Party shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Loan Party and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of such Loan Party, the Collateral Agent and the other Secured Parties and their respective permitted successors and assigns, except that no Loan Party shall have the right to assign or transfer any of its rights or obligations hereunder or any interest herein or in the Collateral (and any attempted assignment or transfer shall be null and void) except as expressly contemplated by this Agreement or the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each Loan Party and may be amended, modified, supplemented, waived or released with respect to any Loan Party with the approval of such Loan Party and without the approval of any other Loan Party and without affecting the obligations of any other Loan Party hereunder.

SECTION 7.05. Collateral Agent's Fees and Expenses; Indemnification. (a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its expenses incurred hereunder as provided in Section 9.03 of the Credit Agreement.

(b) Without limitation of its indemnification obligations under the other Loan Documents, each Grantor

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jointly and severally agrees to indemnify the Collateral Agent and the other Indemnitees (as defined in Section 9.03 of the Credit Agreement) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of (i) a single transaction and documentation counsel for each Indemnitee in connection therewith and (ii) such other local counsel and special counsel as may be required in the reasonable judgment of the Administrative Agent, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of any litigation, proceeding or investigation relating to (i) the execution or delivery of this Agreement or any other agreement or instrument contemplated hereby or (ii) the performance by the Grantors of their respective obligations hereunder or the consummation of the transactions contemplated hereby; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of such Indemnitee or any of its Related Parties.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 7.05 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 7.05 shall be payable not later than 30 days after the applicable Grantor's receipt of a reasonably detailed written statement therefor.

SECTION 7.06. Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby appoints, effective upon the occurrence and during the continuance of an Event of Default, the Collateral Agent the attorney-in-fact of such Grantor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, with full

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power of substitution either in the Collateral Agent's name or in the name of such Grantor (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Article 9 Collateral; (c) to ask for, demand, sue for, collect, receive and give acquittance for any and all moneys due or to become due under and by virtue of any of the Collateral; (d) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (e) to send verifications of Accounts Receivable to any Account Debtor; (f) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (g) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (h) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent; and (i) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; provided that nothing herein contained shall be construed as requiring or obligating the Collateral Agent or any other Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any other Secured Party, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor any of their Related Parties shall be responsible to any Grantor for any act or failure to act hereunder, except for their own or their Related Parties' gross negligence or wilful misconduct.

SECTION 7.07. Applicable Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 7.08. Waivers; Amendment. (a) No failure or delay by the Administrative Agent, the Collateral Agent, any Lender or any Issuing Bank in exercising any

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right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. To the extent permitted by applicable law, the rights and remedies of the Administrative Agent, the Collateral Agent, the Lenders and the Issuing Banks hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, the Collateral Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time. No notice or demand on any Loan Party in any case shall entitle such Loan Party or any other Loan Party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Grantor or Grantors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.02 of the Credit Agreement.

SECTION 7.09. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT THE COLLATERAL AGENT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

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SECTION 7.10. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7.11. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract (subject to Section 7.04), and shall become effective as provided in Section 7.04. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 7.12. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 7.13 Jurisdiction; Consent to Service of Process. (a) Each of the Grantors hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment (after appeal, if any) in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that any Grantor, the Administrative Agent, the

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Collateral Agent, any Issuing Bank, any Lender or any other Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the other parties hereto, or their properties in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 7.14. Termination or Release. (a) This Agreement, the Guarantees made herein, the Security Interest and all other security interests granted hereby shall terminate when all the Loan Document Obligations (other than indemnities described herein and described in Section 9.03(b) of the Credit Agreement and any other indemnities set forth in any other Loan Documents, in each case which are not then due and payable or in respect of which a claim has not previously been made) have been indefeasibly paid in full and the Lenders have no further commitment to lend under the Credit Agreement, the LC Exposure has been reduced to zero and the Issuing Banks have no further obligations to issue Letters of Credit under the Credit Agreement.

(b) A Guarantor shall automatically be released from its obligations hereunder and the Security Interest in the Collateral of such Guarantor shall be automatically released upon the consummation of any transaction permitted by the Credit Agreement as a result of which such Guarantor ceases to be a Subsidiary; provided that the Required Lenders shall have consented to such transaction (to the extent required by the Credit Agreement) and the terms of such consent did not provide otherwise.

(c) Upon any sale or other transfer by any Grantor of any Collateral that is permitted under the Credit

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Agreement to any Person that is not a Grantor, or upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to Section 9.02 of the Credit Agreement, the security interest in such Collateral shall be automatically released.

(d) In connection with any termination or release pursuant to paragraph (a), (b) or (c) of this Section 7.14, the Collateral Agent shall execute and deliver to any Grantor, at such Grantor's expense, all documents that such Grantor shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section 7.14 shall be without recourse to or warranty by the Collateral Agent (except as to its action).

SECTION 7.15. Additional Subsidiaries. Pursuant to Section 5.14 of the Credit Agreement, each Subsidiary that is formed or acquired after the Effective Date and is a Subsidiary Loan Party is required to enter into this Agreement as a Guarantor upon becoming such a Subsidiary (or such later date as is provided in Section 5.14 of the Credit Agreement). Upon execution and delivery by the Collateral Agent and a Subsidiary of an instrument in the form of Exhibit I hereto, such Subsidiary shall become a Guarantor (and accordingly become a Grantor) hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any other Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Agreement.

SECTION 7.16. Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final but not trust accounts) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Guarantor against any of and all the obligations of such Guarantor now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of set-off) which such Lender may have.

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

HORIZON LINES, LLC,

by _____
Name:
Title:

HORIZON FREIGHT SERVICE, LLC,

by _____
Name:
Title:

HORIZON LINES OF ALASKA, LLC,

by _____
Name:
Title:

HORIZON LINES VESSELS, LLC,

by _____
Name:
Title:

FALCONHURST, LLC,

by _____
Name:
Title:

HORIZON SERVICES GROUP, LLC,

by _____
Name:
Title:

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SEA READINESS, LLC,

by Karen L. Bowman
Name:
Title:

SEA-LOGIX, LLC,

by Karen L. Bowman
Name:
Title:

SL PAYROLL SERVICES, LLC,

by Karen L. Bowman
Name:
Title:

S-L DISTRIBUTION SERVICE, LLC,

by Karen L. Bowman
Name:
Title:

ABN AMRO BANK N.V., as
Collateral Agent,

by _____
Name:
Title:

<<NYCORP~2221114>>

SEA READINESS, LLC,

by _____
Name:
Title:

SEA-LOGIX, LLC,

by _____
Name:
Title:

SL PAYROLL SERVICES, LLC,

by _____
Name:
Title:

S-L DISTRIBUTION SERVICE, LLC,

by _____
Name:
Title:

ABN AMRO BANK N.V., as
Collateral Agent,

by _____
Name: EDWARD JOHN HILL
Title: ASSISTANT VICE PRESIDENT

Linda Boardman
Vice President and Director

<<NYCORP~2221114>>

Feb-25-2003 06:12pm From-ABN AMRO 2124097497 T-275 P.004/005 F-052

SCHEDULE I
to the Guarantee and
Collateral Agreement

OWNED COPYRIGHTS

U.S. Copyright Registrations

None.

Pending U.S. Copyright Applications for Registration

Grantor and Applicant	Title	Application Date	Expiration Date
Horizon Services Group, LLC	HazCaptain	November 26, 2002	2097
Horizon Services Group, LLC	LoadCaptain	December 11, 2002	2097
Horizon Services Group, LLC	CostCaptain	September 24, 2002	2097
Horizon Services Group, LLC	DispatchCaptain	September 24, 2002	2097
Horizon Services Group, LLC	GateCaptain	September 24, 2002	2097
Horizon Services Group, LLC	FreightCaptain	September 24, 2002	2097
Horizon Services Group, LLC	Horizon - Customer Service	September 24, 2002	2097
Horizon Services Group, LLC	RailCaptain	September 24, 2002	2097
Horizon Services Group, LLC	RouteCaptain	September 24, 2002	2097
Horizon Services Group, LLC	SEDCaptain	September 24, 2002	2097
Horizon Services Group, LLC	TextCaptain	September 24, 2002	2097
Horizon Services Group, LLC	SalesCaptain	September 24, 2002	2097

Unregistered Copyrights

Grantor	Title	Type of Copyright
Horizon Lines, LLC	CARS	Software
Horizon Lines, LLC	FDSS (fuel decision support)	Software
Horizon Lines, LLC	GPS	Software
Horizon Lines, LLC	JOC	Software
Horizon Lines, LLC	KUME	Software
Horizon Lines, LLC	Kvaerner Extract	Software
Horizon Lines, LLC	Legacy Fixed Assets - Millennium	Software

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Grantor	Title	Type of Copyright
Horizon Lines, LLC	Location Information System (LIME)	Software
Horizon Lines, LLC	Margin & Yield	Software
Horizon Lines, LLC	P&I Claims II	Software
Horizon Lines, LLC	PPM (Plan Performance Management)	Software
Horizon Lines, LLC	Revenue Control Reports	Software
Horizon Lines, LLC	SMARTS	Software
Horizon Lines, LLC	SMARTS II	Software
Horizon Lines, LLC	Vessel Ops Reporting	Software
Horizon Lines, LLC	VETS (Vessel Event Tracking System)	Software
Horizon Services Group, LLC	Accounts Receivable	Software
Horizon Services Group, LLC	ADABASE Natural Components	Software
Horizon Services Group, LLC	Alternate Routes	Software
Horizon Services Group, LLC	Automakers II	Software
Horizon Services Group, LLC	Automakers/Autoclaims	Software
Horizon Services Group, LLC	Booking (BBKG et al)	Software
Horizon Services Group, LLC	Booking Report (BSED)	Software
Horizon Services Group, LLC	Business Rules Editor	Software
Horizon Services Group, LLC	Business Rules Engine	Software
Horizon Services Group, LLC	Capital Projects/Fixed Assets (excluding portions)	Software
Horizon Services Group, LLC	Cargo Claims	Software
Horizon Services Group, LLC	Checkpoint	Software
Horizon Services Group, LLC	CLAAS	Software
Horizon Services Group, LLC	Compass Routing	Software
Horizon Services Group, LLC	Container History	Software
Horizon Services Group, LLC	Copy 9/IBDE	Software
Horizon Services Group, LLC	Corporate Tables	Software
Horizon Services Group, LLC	CPM	Software
Horizon Services Group, LLC	Customer Master-DCIQ	Software
Horizon Services Group, LLC	DB2 Netman/TSO	Software
Horizon Services Group, LLC	dbUpdater	Software
Horizon Services Group, LLC	Directory Triggers	Software
Horizon Services Group, LLC	EVA	Software
Horizon Services Group, LLC	Expense Budget	Software

Grantor	Title	Type of Copyright
Horizon Services Group, LLC	Focada	Software
Horizon Services Group, LLC	Gate	Software
Horizon Services Group, LLC	INET Registration and Administration	Software
Horizon Services Group, LLC	Inland - EMMA	Software
Horizon Services Group, LLC	Inland - FES (Truck and Rail)	Software
Horizon Services Group, LLC	Inland - Per Diem	Software
Horizon Services Group, LLC	Inland - Rates	Software
Horizon Services Group, LLC	Inland - RITS	Software
Horizon Services Group, LLC	Inland - Service Order	Software
Horizon Services Group, LLC	Inland - STARRS Truck Dispatch	Software
Horizon Services Group, LLC	Inland - SeaLogix	Software
Horizon Services Group, LLC	Internet Rate Quote	Software
Horizon Services Group, LLC	Internet Booking	Software
Horizon Services Group, LLC	Internet Portal	Software
Horizon Services Group, LLC	Internet Route Finder	Software
Horizon Services Group, LLC	Internet Sailing Schedule	Software
Horizon Services Group, LLC	Internet Shipping Instructions/SED	Software
Horizon Services Group, LLC	Intranet Billing System	Software
Horizon Services Group, LLC	IOS Equipment Control	Software
Horizon Services Group, LLC	IOS Stowage	Software
Horizon Services Group, LLC	Just In Time	Software
Horizon Services Group, LLC	Labor - Distribution/Fringe	Software
Horizon Services Group, LLC	Legacy Revenue	Software
Horizon Services Group, LLC	Legal Entity	Software
Horizon Services Group, LLC	LOB-CPAS	Software
Horizon Services Group, LLC	Location Management	Software
Horizon Services Group, LLC	MRCS (versions 1 and 2)	Software
Horizon Services Group, LLC	Notification	Software
Horizon Services Group, LLC	PALS	Software
Horizon Services Group, LLC	Port Performance Reporting	Software
Horizon Services Group, LLC	Qutil	Software
Horizon Services Group, LLC	Sea-Path	Software
Horizon Services Group, LLC	Sea-Watch	Software

Grantor	Title	Type of Copyright
Horizon Services Group, LLC	Ship Stat Report	Software
Horizon Services Group, LLC	Ship Stat/Search for booking/container/invoice	Software
Horizon Services Group, LLC	Ship Management (versions 1-4, includes customer service, service management, inbound documentation, and outbound documentation)	Software
Horizon Services Group, LLC	Shipmy Vehicle	Software
Horizon Services Group, LLC	SinforScheduler Framework	Software
Horizon Services Group, LLC	Streamlined Revenue System	Software
Horizon Services Group, LLC	Terminal Ops Reporting	Software
Horizon Services Group, LLC	Trip Plan	Software
Horizon Services Group, LLC	UFIN	Software
Horizon Services Group, LLC	VEME	Software
Horizon Services Group, LLC	WebEditor	Software
Horizon Services Group, LLC	WebTracker	Software

SCHEDULE II
to the Guarantee and
Collateral Agreement

INITIAL GUARANTORS

Horizon Freight Service, LLC

Horizon Lines of Alaska, LLC

Horizon Lines Vessels, LLC

Falconhurst, LLC

Horizon Services Group, LLC

Sea Readiness, LLC

Sea-Logix, LLC

SL Payroll Services, LLC

S-L Distribution Service, LLC

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SCHEDULE III
to the Guarantee and
Collateral Agreement

LICENSES OF GRANTORS

PART I

LICENSES/SUBLICENSES OF GRANTORS,
EACH AS LICENSOR AS OF THE EFFECTIVE DATE

U.S. Copyrights

None.

U.S. Patents

None.

U.S. Patent Applications

None.

U.S. Trademarks

None.

U.S. Trademark Applications

None.

PART II
LICENSES/SUBLICENSES OF GRANTORS,
EACH AS LICENSEE AS OF THE EFFECTIVE DATE

U.S. Copyrights

None.

U.S. Patents

Licensee Name and Address	Licensor	License Agreement	Registration/ Serial Number
Horizon Lines, LLC 2101 Rexford Road, Suite 350 West, Mecklenburg County, Charlotte, North Carolina 28211	Aktieselskabet Dampskibsselskabet Svendborg, Dampskibsselskabet AF 1912, Aktieselskab	License Agreement by and between Aktieselskab Dampskibsselskabet, Svendborg, Dampskibsselskabet AF 1912, Aktieselskab, and Sea-Land Service, Inc., dated as of December 10,1999, with respect to the patents listed on Schedule B thereto (the "License"). SL Service, Inc. (successor by name change to Sea-Land Service, Inc.) assigned its rights to the License pursuant to an Assignment of Trademark and Patent Licenses Agreement, dated August 15, 2002, to Horizon Lines, LLC (successor by name change to CSX Lines, LLC).	N/A (Contract right only)

U.S. Patent Applications

None.

U.S. Trademarks

Licensee Name and Address	Licensor	Trademark	Registration/ Serial Number
Horizon Lines, LLC 2101 Rexford Road, Suite 350 West, Mecklenburg County, Charlotte, North Carolina 28211	Aktieselskabet Dampskibsselskabet Svendborg, Dampskibsselskabet Af 1912, Aktieselskab	License Agreement by and between Aktieselskab Dampskibsselskabet, Svendborg, Dampskibsselskabet AF 1912, Aktieselskab, and Sea-Land Service, Inc., dated as of December 10,1999, with respect to the SL Mark, as defined therein (the "License"). SL Service, Inc. (successor by name change to Sea-Land Service, Inc.) assigned its rights to the License pursuant to an Assignment of Trademark and Patent Licenses Agreement, dated August 15, 2002, to Horizon Lines, LLC (successor by name change to CSX Lines, LLC).	N/A (Contract right only)

U.S. Trademark Applications

None.

SCHEDULE IV
to the Guarantee and
Collateral Agreement

PATENTS OWNED BY GRANTORS

U.S. Patent Registrations

None.

U.S. Patent Applications

None.

SCHEDULE V
to the Guarantee and
Collateral Agreement

TRADEMARK/TRADE NAMES OWNED BY GRANTORS

U.S. Trademark Registrations

Registered Owner	Mark	Registration/ Serial Number
CSX Lines, LLC[1]	NEW HORIZONS FOR SHIPPING	78/175,953
CSX Lines, LLC[1]	HORIZON LINES	78/159,524
CSX Lines, LLC[1]	FRESHCHOICE	76/132,678
CSX Lines, LLC[1]	DISCOVERING NEW HORIZONS	78/180,558
CSX Lines, LLC[1]	MISCELLANEOUS DESIGN (of man w/binoculars on boat)	78/179,087
CSX Lines, LLC[1]	MISCELLANEOUS DESIGN (of man with binoculars behind boatwheel)	78/198,674
CSX Lines, LLC[1]	SEA LOGIX	75/854,240 2,643,492
Horizon Services Group, LLC	HORIZON GLOBAL OCEAN MANAGEMENT SYSTEM	78/161,862
Horizon Services Group, LLC	HORIZON SERVICES GROUP TRANSPORTATION SOLUTIONS	78/160,656
Horizon Services Group, LLC	RATECAPTAIN	78/177,276
Horizon Services Group, LLC	HAZCAPTAIN	78/120,296
Horizon Services Group, LLC	HORIZON SERVICES GROUP	78/118,620
Horizon Services Group, LLC	LOADCAPTAIN	78/120,300
Horizon Services Group, LLC	NETCAPTAIN	76/151,459
Horizon Services Group, LLC	SAILSTAT	2,608,131
Horizon Services Group, LLC	SHIPSTAT	2,608,132
Horizon Services Group, LLC	AUTOCAPTAIN	78/152,024

[1] Trademarks owned by Horizon Lines, LLC (successor by name change to CSX Lines, LLC).

Registered Owner	Mark	Registration/ Serial Number
Horizon Services Group, LLC	PAYCAPTAIN	78/152,042
Horizon Services Group, LLC	FREIGHTCAPTAIN	78/152,040
Horizon Services Group, LLC	SEDCAPTAIN	78/152,038
Horizon Services Group, LLC	DISPATCHCAPTAIN	78/152,037
Horizon Services Group, LLC	GATECAPTAIN	78/152,034
Horizon Services Group, LLC	TEXTCAPTAIN	78/152,033
Horizon Services Group, LLC	SALESCAPTAIN	78/152,032
Horizon Services Group, LLC	RAILCAPTAIN	78/152,031
Horizon Services Group, LLC	COSTCAPTAIN	78/152,030
Horizon Services Group, LLC	ROUTECAPTAIN	78/152,028

U.S. Trademark Applications

None.

State Trademark Applications

None.

SCHEDULE VI
to the Guarantee and
Collateral Agreement

EQUITY INTERESTS

Issuer	Cert. Number	Registered Owner	Number & Class of Equity Interests	Percentage of Issued & Outstanding Equity Interests of Such Class
Horizon Freight Service, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%
Horizon Lines of Alaska, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%
Horizon Lines Vessels, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%
Falconhurst, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%
Horizon Services Group, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%
Sea Readiness, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%
Sea-Logix, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%
SL Payroll Services, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%
S-L Distribution Service, LLC	MI-1	Horizon Lines, LLC	1; Membership interest	100%

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DEBT SECURITIES

Issuer	Initial Principal Amount	Date of Promissory Note	Maturity Date
Horizon Lines, LLC Horizon Freight Service, LLC Horizon Lines of Alaska, LLC Horizon Lines Vessels, LLC Falconhurst, LLC Horizon Services Group, LLC Sea Readiness, LLC Sea-Logix, LLC SL Payroll Services, LLC S-L Distribution Service, LLC	See Intercompany Note	February 27, 2003	N/A

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Insurance Requirements

(a) The Borrower will, and will cause each Subsidiary Loan Party to, maintain (or cause to be maintained on its behalf), with financially sound and reputable insurance companies:

(i) fire, boiler and machinery, and extended coverage insurance, on a replacement cost basis, with respect to all personal property and improvements to real property (in each case constituting Collateral), in such amounts as are customarily maintained by companies in the same or similar business operating in the same or similar locations;

(ii) commercial general liability insurance against claims for bodily injury, death or property damage occurring upon, about or in connection with the use of any properties owned, occupied or controlled by it, providing coverage on an occurrence basis with a combined single limit of not less than $1,000,000 and including the broad form CGL endorsement;

(iii) business interruption insurance, insuring against loss of gross earnings for a period of not less than 2 months arising from any risks or occurrences required to be covered by insurance pursuant to clause (i) above; and

(iv) such other insurance as may be required by law.

Deductibles or self-insured retention shall not exceed $500,000 for fire, boiler and machinery and extended coverage policies, $250,000 for commercial general liability policies or 30 days for business interruption policies subject to customary percentage deductibles for windstorm, flood and earthquake.

(b) Fire, boiler and machinery and extended coverage policies maintained with respect to any Collateral shall be endorsed or otherwise amended to include (i) a lenders' loss payable clause in favor of the Collateral Agent and providing for losses thereunder to be payable to the Collateral Agent or its designee subject to Section 2.11 of the Credit Agreement and (ii) a provision to the effect that neither any Loan Party, the Collateral Agent nor any other Secured Party shall be a coinsurer. Commercial general liability policies shall be endorsed to name the Collateral Agent as an additional insured. Business

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interruption policies shall name the Collateral Agent as loss payee subject to Section 2.11 of the Credit Agreement. Each such policy referred to in this paragraph (b) also shall provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium except upon not less than 10 days' prior written notice thereof by the insurer to the Collateral Agent (giving the Collateral Agent the right to cure defaults in the payment of premiums) or (ii) for any other reason except upon not less than 30 days' prior written notice thereof by the insurer to the Collateral Agent. The Borrower shall deliver to the Collateral Agent, prior to the cancelation, modification or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Collateral Agent) together with evidence reasonably satisfactory to the Collateral Agent of payment of the premium therefor.

SUPPLEMENT NO. ____ dated as of [ ], to the Guarantee and Collateral Agreement (the "Collateral Agreement") dated as of February 27, 2003, among Horizon Lines, LLC, a limited liability company formed under the laws of the state of Delaware (the "Borrower"), the other Grantors identified therein and ABN AMRO BANK N.V. ("ABN AMRO"), as collateral agent (in such capacity, the "Collateral Agent") for the Secured Parties (as defined therein).

A. Reference is made to the Credit Agreement dated as of February 27, 2003 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders party thereto, the Issuing Banks party thereto and ABN AMRO, as administrative agent and collateral agent for the Lenders.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Collateral Agreement.

C. The Grantors have entered into the Collateral Agreement in order to induce the Lenders to extend credit to the Borrower and the Issuing Banks to issue Letters of Credit for the account of the Borrower and the Subsidiary Loan Parties under the Credit Agreement. Section 7.15 of Collateral Agreement provides that additional Subsidiaries of the Borrower may become Guarantors under the Collateral Agreement by execution and delivery of an instrument in the form of this Supplement. Each undersigned Subsidiary (each, a "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Collateral Agreement in order to induce the Lenders to make additional Loans and the Issuing Banks to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Guarantors agree as follows:

SECTION 1. In accordance with Section 7.15 of the Collateral Agreement, each New Guarantor by its signature below becomes a Guarantor (and accordingly becomes a Grantor), under the Collateral Agreement with the same force and effect as if originally named therein as a Guarantor and each New Guarantor hereby (a) agrees to all the terms and provisions of the Collateral Agreement applicable to it as a Guarantor thereunder and (b) represents and warrants that

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the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, each New Guarantor, as security for the payment and performance in full of the Obligations, does hereby create and grant to the Collateral Agent (and its successors and assigns as Collateral Agent permitted under the Credit Agreement), for the ratable benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of such New Guarantor's right, title and interest in and to the Collateral of such New Guarantor. Each reference to a "Guarantor" or "Grantor" in the Collateral Agreement shall be deemed to include each New Guarantor as applicable. The Collateral Agreement is hereby incorporated herein by reference.

SECTION 2. Each New Guarantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. Schedules I, III, IV, V and VI of the Collateral Agreement are hereby supplemented by the information set forth on Schedules I, III, IV, V and VI hereto relating to each New Guarantor. Each of the New Guarantors hereby represents and warrants that the information set forth with respect to it on Schedules I, III, IV, V and VI attached hereto is true and correct.

SECTION 4. Each New Guarantor hereby represents and warrants that (a) set forth on Schedule VII attached hereto is a true and correct schedule of the location of any and all Collateral of such New Guarantor and (b) set forth under its signature hereto, is the true and correct legal name of such New Guarantor, its jurisdiction of organization and the location of its chief executive office.

SECTION 5. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective as to each New Guarantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Guarantor and the Collateral Agent. Delivery of an executed counterpart of this Supplement by telecopy or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

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SECTION 6. Except as expressly supplemented hereby, the Collateral Agreement shall remain in full force and effect.

SECTION 7. THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 8. Any provision of this Supplement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9. All communications and notices hereunder shall be given as provided in Section 7.01 of the Collateral Agreement.

SECTION 10. Each New Guarantor agrees that the Collateral Agent shall be entitled to reimbursement of its expenses incurred in connection with this Supplement as provided in Section 7.05 of the Collateral Agreement.

IN WITNESS WHEREOF, the New Guarantors and the Collateral Agent have duly executed this Supplement to the Collateral Agreement as of the day and year first above written.

[Name Of New Guarantor],

by

_____

Name:
Title:
Legal Name:
Jurisdiction of Organization:
Location of Chief Executive Office:

ABN AMRO BANK N.V., as Collateral Agent,

by

_____

Name:
Title:

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SCHEDULE I to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

U.S. Copyright Registrations

Title	Reg. No.	Author

Pending U.S. Copyright Applications for Registration

Title	Author	Class	Date Filed

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SCHEDULE III to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

LICENSES

PART I

LICENSES/SUBLICENSES AS LICENSOR

A. Copyrights

U.S. Copyrights

Licensee Name and Address	Date & Title of License/ Sublicense Agreement	Title of U.S. Copyright	Author	Reg. No.

B. Patents

U.S. Patents

Licensee Name and Address	Date & Title of License/ Sublicense Agreement	Issue Date	Patent No.

U.S. Patent Applications

Licensee Name and address	Date & Title of License/ Sublicense Agreement	Date Filed	Application No.

C. Trademarks

U.S. Trademarks

Licensee Name and Address	Date of& Title License/ Sublicense Agreement	U.S. Mark	Reg. Date	Reg. No.

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SCHEDULE III to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

U.S. Trademark Applications

Licensee Name and Address	Date & Title of License/ Sublicense Agreement	U.S. Mark	Date Filed	Application No.

SCHEDULE III to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

PART II

LICENSES/SUBLICENSES AS LICENSEE

A. Copyrights

U.S. Copyrights

Licensor Name and Address	Date & Title of License/ Sublicense Agreement	Title of U.S. Copyright	Author	Reg. No.

B. Patents

U.S. Patents

Licensor Name and Address	Date & Title of License/ Sublicense Agreement	Issue Date	Patent No.

U.S. Patent Applications

Licensor Name and Address	Date & Title of License/ Sublicense Agreement	Date Filed	Application No.

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SCHEDULE III to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

C. Trademarks

U.S. Trademarks

Licensor Name and Address	Date & Title of License/ Sublicense Agreement	U.S. Mark	Reg. Date	Reg. No.

U.S. Trademark Applications

Licensor Name and Address	Date & Title of License/ Sublicense Agreement	U.S. Mark	Date Filed	Application No.

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SCHEDULE IV to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

PATENTS

U.S. Patent Registrations

Patent Numbers	Issue Date

U.S. Patent Applications

Patent Application No.	Filing Date

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SCHEDULE V to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

TRADEMARK

U.S. Trademark Registrations

Mark	Reg. Date	Reg. No.

U.S. Trademark Applications

Mark	Filing Date	Application No.

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SCHEDULE VI to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

EQUITY INTERESTS

Issuer	Certificate Number	Registered Owner	Number and Class of Equity Interest	Percentage of issued and outstanding Equity Interests of such Class

DEBT SECURITIES

Issuer	Initial Principal Amount	Date of Promissory Note	Maturity Date

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SCHEDULE VII to
Supplement No. [ ]
to the Guarantee and
Collateral Agreement

LOCATION OF COLLATERAL

Description	Location

FORM OF PERFECTION CERTIFICATE

Reference is made to (a) the Credit Agreement, dated as of February 27, 2003 (the "Credit Agreement"), among Horizon Lines, LLC (the "Borrower"), the Lenders party thereto, the Issuing Banks party thereto, ABN AMRO Bank N.V., as administrative agent and collateral agent and (b) the Guarantee and Collateral Agreement, dated as of February 27, 2003, among the Borrower, the other Grantors identified therein and ABN AMRO Bank N. V., as collateral agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Collateral Agreement.

The undersigned, a Financial Officer of the Borrower, hereby certifies to the Collateral Agent and each other Secured Party on behalf of the Borrower as follows:

1. Names. (a) The exact legal name of each Grantor, as such name appears in its document of formation, as applicable, is as follows:

(b) Set forth below is each other legal name each Grantor has had in the past five years, together with the date of the relevant change:

(c) Except as set forth in Schedule 1 hereto, no Grantor has changed its identity or corporate structure in any way within the past five years. Changes in identity or corporate structure would include mergers, consolidations and acquisitions, as well as any change in the form, nature or jurisdiction of corporate organization. If any such change has occurred, include in Schedule 1 the information required by Sections 1 and 2 of this certificate as to each acquiree or constituent party to a merger or consolidation.

(d) The following is a list of all other names (including trade names or similar appellations) used by each Grantor or any of its divisions or other business

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units in connection with the conduct of its business or the ownership of its properties at any time during the past five years:

(e) Set forth below is the organizational identification number, if any, issued by the jurisdiction of incorporation or organization of each Grantor that is a registered organization:

(f) Set forth below is the Federal Taxpayer Identification Number of each Grantor:

2. Current Locations. (a) The chief executive office of each Grantor is located at the address set forth opposite its name below:

Grantor	Mailing Address	County	State

(b) Set forth below opposite the name of each Grantor are all locations where such Grantor maintains any books or records relating to any Accounts Receivable or General Intangibles (with each location at which chattel paper, if any, is kept being indicated by an "*"):

Grantor	Mailing Address	County	State

(c) The jurisdiction of organization of each Grantor that is a registered organization is set forth opposite its name below:

Grantor	Type of Organization	Jurisdiction

(d) Set forth below opposite the name of each Grantor are all the locations where such Grantor maintains any Inventory or Equipment or other Collateral not identified above:

Grantor	Mailing Address	County	State

(e) Set forth below opposite the name of each Grantor are all the places of business of such Grantor not identified in paragraph (a), (b), (c) or (d) above:

Grantor	Mailing Address	County	State

(f) Set forth below opposite the name of each Grantor are the names and addresses of all Persons other than such Grantor that have possession of any of the Collateral of such Grantor:

Grantor	Mailing Address	County	State

3. Unusual Transactions. All Accounts have been originated by the Grantors and all Inventory has been acquired by the Grantors in the ordinary course of business.

4. File Search Reports. File search reports have been obtained from each Uniform Commercial Code filing office identified with respect to such Grantor in Section 2 hereof, and such search reports reflect no liens against any of the Collateral other than those permitted under the Credit Agreement.

5. UCC Filings. UCC financing statements in substantially the form of Schedule 5 hereto have been prepared for filing in the Uniform Commercial Code filing office in each jurisdiction identified with respect to such Grantor in Section 2 hereof.

6. Schedule of Filings. Attached hereto as Schedule 6 is a schedule setting forth, with respect to the filings described in Section 5 above, each filing and the filing office in which such filing is to be made.

7. Stock Ownership and other Equity Interests. Attached hereto as Schedule 7 is a true and correct list of all the issued and outstanding stock, partnership interests,

limited liability company membership interests or other equity interests of the Borrower and each Subsidiary and the record and beneficial owners of such stock, partnership interests, membership interests or other equity interests. Also set forth on Schedule 7 is each equity investment of Borrower or any Subsidiary that represents 50% or less of the equity of the entity in which such investment was made.

8. Debt Instruments. Attached hereto as Schedule 8 is a true and correct list of all instruments, including any promissory notes, and other evidence of indebtedness held by Borrower and each Subsidiary that are required to be pledged under the Collateral Agreement, including all intercompany notes between Borrower and each Subsidiary of Borrower and each Subsidiary of Borrower and each other such Subsidiary.

9. Advances. Attached hereto as Schedule 9 is (a) a true and correct list of all advances made by Borrower to any Subsidiary of Borrower or made by any Subsidiary of Borrower to Borrower or to any other Subsidiary of Borrower (other than those identified on Schedule 8), which advances will be on and after the date hereof evidenced by one or more intercompany notes pledged to the Collateral Agent under the Collateral Agreement and (b) a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to Borrower or any Subsidiary of Borrower.

10. Real Property Mortgage Filings. As of the Effective Date, none of the Borrower or its Subsidiaries own any real property. Therefore as of the Effective Date, no Real Property Mortgages need be filed.

11. Intellectual Property. Attached hereto as Schedule 11(A) in proper form for filing with the United States Patent and Trademark Office is a schedule setting forth all of each Grantor's Patents, Patent Licenses, Trademarks and Trademark Licenses, including the name of the registered owner, the registration number and the expiration date of each Patent, Patent License, Trademark and Trademark License owned by any Grantor. Attached hereto as Schedule 11(B) in proper form for filing with the United States Copyright Office is a schedule setting forth all of each Grantor's Copyrights and Copyright Licenses, including the name of the registered owner, the registration number and the expiration date of each

Copyright or Copyright License owned by any Grantor.

12. Commercial Tort Claims. Attached hereto as Schedule 12 is a true and correct list of commercial tort claims in excess of $1,000,000 held by any Grantor, including a brief description thereof.

13. Deposit Accounts. Attached hereto as Schedule 13 is a true and correct list of deposit accounts maintained by each Grantor, including the name and address of the depositary institution, the type of account, and the account number.

14. Vessels. Attached hereto as Schedule 14 is a true and correct list of vessels owned by any Grantor together with the vessel's flag, official number and a list of any recorded liens or encumbrances covering that vessel.

15. Vessel Registry Searches. Copies of certificates of ownership and encumbrance have been obtained from the Office of Vessel Documentation, U.S. Coast Guard for each U.S. documented vessel together with copies of each vessel's current certificate of documentation and such search reports reflect no liens or encumbrances of record against the vessels other than those permitted under the Credit Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed this certificate on this [●] day of [●], 2003.

HORIZON LINES, LLC

by

_____

Name:
Title: [Financial Officer]

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