

03-24-2003

SHEET

Docket No.:

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23324/2



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To the Honorable Commissioner o.

102397320

J the attached original documents or copy thereof.

1. Name of conveying party(ies):

Rykodisc, Inc.

3-2003

2. Name and address of receiving party(ies):

Name: CapitalSource Finance LLC

Internal Address: 12th Floor

Street Address: 4445 Willard Avenue

City: Chevy Chase State: MD ZIP: 20815

- Individual(s)
- General Partnership
- Corporation-State Minnesota
- Other

- Association
- Limited Partnership

Additional names(s) of conveying party(ies) Yes No

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

If assignee is not domiciled in the United States, a domestic designation is Yes N
(Designations must be a separate document from Additional name(s) & address(es) Yes N

3. Nature of conveyance:

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

Execution Date: March 5, 2003

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

~~1711260~~ 1740989
1700253 1521608
1521609

Additional numbers Yes No

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

Name: Mark S. Leonardo, Esq.

Internal Address: Brown Rudnick Berlack Israels LLP

Street Address: One Financial Center

City: Boston State: MA ZIP: 02111

6. Total number of applications and registrations involved:.....

5

7. Total fee (37 CFR 3.41):.....\$ 140.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

50-0369

OFFICE OF PUBLIC RECORDS
2003 MAR 20 AM 10:58
FINANCE SECTION

DO NOT USE THIS SPACE

03/21/2003 ECDOOPER 00000067 500369 1711260

01 FC:8521 40.00 CH
02 FC:8522 100.00 CH

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.

Mark S. Leonardo, Esq. (Reg. No. 41,433)

Name of Person Signing

Signature

3-14-2003

Date

Total number of pages including cover sheet, attachments, and

TRADEMARK

REEL: 002695 FRAME: 0370

TRADEMARK SECURITY AGREEMENT

AGREEMENT ("Agreement") dated as of March 5, 2003 is made by and among Ryko Corporation, a Delaware corporation ("Parent"), Rykodisc, Inc., a Minnesota corporation ("Rykodisc"), Rykomusic Inc., a Minnesota corporation ("Rykomusic"), Rep Sales, Inc., a Minnesota corporation ("RepSales") and Restless Acquisition Corp., a Delaware corporation (Parent, Rykodisc, Rykomusic, Rep Sales and Restless Corporation being referred to herein individually and collectively as the "Borrower"), in favor of CapitalSource Finance LLC, a Delaware limited liability company and its successors, assigns, and other legal representatives ("Secured Party").

W I T N E S S E T H:

WHEREAS, Borrower and Secured Party are parties to a revolving credit and security agreement, dated of even date, and certain agreements, documents and instruments entered into pursuant thereto, or in connection therewith, as may be amended, supplemented or modified from time to time (the "Loan Agreement"), pursuant to which Secured Party and Borrower have agreed to certain financial arrangements; and

WHEREAS, Secured Party's willingness to make loans and provide credit accommodations pursuant to the Loan Agreement is subject to the condition, among others, that Borrower execute and deliver this Trademark Security Agreement.

NOW THEREFORE, in consideration of the premises and for one dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in addition to, and not in limitation of, any rights of the Secured Party under the Loan Agreement, Borrower hereby agrees for the benefit of Secured Party as follows:

1. DEFINITIONS; RULES OF INTERPRETATION.

1.1. Definitions. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided therefor in the Loan Agreement. In addition, the following terms shall have the meanings set forth in this Section 1 or elsewhere in this Agreement referred to below:

"Associated Goodwill" shall mean all goodwill of the Borrower or its business, products and services appurtenant to, associated with or symbolized by the Trademarks and/or the use thereof.

"Liens" shall mean any mortgage, pledge, security interest, encumbrance, transfer or other restriction, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof), or any other arrangement pursuant to which title to the property is retained by or vested in some other Person for security purposes.

“Loan Agreement” shall have the meaning given such term in the recitals hereto.

“Proceeds” shall mean any consideration received from the sale, exchange, license, lease or other transfer or disposition of any right, interest, asset or property which constitutes Trademark Collateral, any value received as a consequence of the ownership, possession, or use of any Trademark Collateral, and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft or other involuntary conversion of whatever nature of any right, interest, asset or property which constitutes Trademark Collateral.

“PTO Office” or “PTO” shall mean the United States Patent and Trademark Office.

“Trademarks” shall mean all of the Borrowers’ interest in the trademarks, service marks, designs, logos, indicia, trade names “Rykodisc” and/or “Ryko” as identified and set forth on Schedule A hereto.

“Trademark Collateral” shall mean all of the Borrower’s right, title and interest in and to all of the Trademarks and the Trademark Registrations at the PTO Office, the Trademark Rights, and the Associated Goodwill, and all accounts arising out of and all additions, improvements and accessions to, substitutions for, replacements of, and all products and Proceeds (including insurance proceeds) of any and all of the foregoing.

“Trademark Registrations” shall mean all past, present or future federal registrations and recordings of the Trademarks in favor of the Borrower (and all renewals and extensions of such registrations and recordings), in the PTO, all past, present and future applications for any such registrations and recordings of the Trademarks (and any such registrations and recordings thereof upon approval of such applications).

“Trademark Rights” shall mean any and all past, present or future rights of the Borrower in, to and associated with the Trademarks, whether arising under federal law, state law, common law, or otherwise, including but not limited to the following: all such rights arising out of or associated with the Trademark Registrations; the right (but not the obligation) to register claims under any state, federal or foreign copyright law or regulation; the right (but not the obligation) to sue or bring cancellation or other actions or proceedings in the name of the Borrower or the Secured Party for any and all past, present and future infringements of or any other damages or injury to the Trademarks, and the rights to damages or profits due or accrued arising out of or in connection with any such past, present or future infringement, damage or injury.

“Use” of any Trademark shall include all uses of such Trademark by, for or in connection with the Borrower or its business or for the direct or indirect benefit of the Borrower or its business, including but not limited to all such uses by the Borrower itself, by any of the affiliates of the Borrower, or by any licensee or contractor of the Borrower.

2. GRANT OF SECURITY; COLLATERAL ASSIGNMENT.

2.1. Grant of Security Interest. As collateral security for the complete and timely payment, performance and satisfaction of all Obligations, the Borrower hereby unconditionally grants to the Secured Party, a continuing security interest in and first priority lien on the Trademark Collateral, and pledges, mortgages and hypothecates (but does not transfer title to) the Trademark Collateral to the Secured Party.

2.2. Collateral Assignment. (a) In addition to, and not by way of limitation of, the grant, pledge, mortgage and hypothecation of the Trademark Collateral provided in Section 2.1, the Borrower hereby grants, assigns, transfers, conveys and sets over to the Secured Party, its entire right, title and interest in and to the Trademark Collateral as collateral security for all Obligations and shall be deemed to have granted, assigned, transferred, conveyed and set over to the Secured Party its entire right, title and interest in and to the Trademark Collateral it being expressly understood, however, that such outright grant, assignment, transfer and conveyance shall be and become of force and effect only upon or after the occurrence of an Event of Default under the Loan Agreement and notice by Secured Party to the Borrower of Secured Party's intention to foreclose upon all or some material part of the Collateral. The foregoing outright grant, assignment, transfer and conveyance shall be referred to from time to time herein as the "Section 2.2 Assignment."

(b) The Borrower acknowledges and agrees that, at the time of the effectiveness of the Section 2.2 Assignment provided herein, the Secured Party shall have the cumulative rights in and to the Trademark Collateral as are provided in this Agreement, and in the Loan Agreement. The Borrower further acknowledges and agrees that upon the effectiveness of a Section 2.2 Assignment and for so long as the Event of Default which gives use to the Section 2.2 Assignment continues, the Secured Party may complete the Trademark Assignment attached as Exhibit A hereto and record such Trademark Assignment with the PTO, although Secured Party's failure to do so shall not affect its rights and remedies hereunder.

(c) The parties expressly acknowledge and agree that they have simultaneously executed and delivered the Loan Agreement pursuant to which the Borrower unconditionally granted to the Secured Party, a continuing security interest in and first priority lien on the Collateral (including the Trademark Collateral). All rights and interests of the Secured Party in and to the Collateral (including the Trademark Collateral) are hereby ratified, confirmed, adopted and approved. In no event shall this Agreement, the Section 2.2 Assignment of the Trademark Collateral hereunder, or the recordation of this Agreement (or any document hereunder) with the PTO Office or any other governmental or public office or agency, adversely affect or impair, in any way or to any extent, the Loan Agreement, the security interest of the Secured Party in the Collateral (including the Trademark Collateral) pursuant to the Loan Agreement, the attachment and perfection of such security interest under the Uniform Commercial Code, or the present or future rights and interests of the Secured Party in and to the Collateral under or in connection with the Loan Agreement, this Agreement and/or the Uniform Commercial Code. Any and all rights and interests of the Secured Party in and to the Trademark Collateral (and any and all obligations of the Borrower with respect to the Trademark Collateral) provided herein, or arising hereunder or in connection herewith, shall comprise a part of the

rights and interests of the Secured Party (and the obligations of the Borrower) in, to or with respect to the Collateral (including the Trademark Collateral) provided in or arising under or in connection with the Loan Agreement.

2.3. Effect of Section 2.2 Assignment - Secured Party's Rights. At the time of the effectiveness of the Section 2.2 Assignment provided herein, the Secured Party shall own the entire right, title and interest in and to the Trademark Collateral, free and clear of any lien, charge, encumbrance or claim of the Borrower or any other party claiming through the Borrower. At such time, in addition to all other rights and remedies of the Secured Party, whether under law, the Loan Agreement, or otherwise (all such rights and remedies being cumulative, not exclusive, and enforceable alternatively, successively or concurrently, without notice to or consent by the Borrower except as expressly provided otherwise herein), the Secured Party's rights and remedies with respect to the Trademark Collateral, shall include but not be limited to the following, without payment of royalty or compensation of any kind to the Borrower except as expressly provided otherwise herein or in the Loan Agreement:

(a) The Secured Party may exercise, in respect of the Trademark Collateral, all the rights and remedies of a secured party on default under the Uniform Commercial Code (whether or not such Code applies to the affected Trademark Collateral) or other law applicable to any part of the Trademark Collateral.

(b) The Secured Party may, to the same extent that the Borrower has the right to do so immediately prior to the effectiveness of the Section 2.2 Assignment, license or sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Trademark Collateral, throughout the world, for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine.

(c) The Secured Party may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right but not the obligation to enforce) against any licensor, licensee or sublicensee, all Trademark License Rights of the Borrower, and take or refrain from taking any such action.

(d) The Secured Party may, to the extent permitted by law, in its sole discretion, without notice except as specified below, use, assign, sell, pledge or otherwise transfer or dispose of the Trademark Collateral or any part thereof, either with or without special or other conditions or stipulations, with power to buy the Trademark Collateral or any part of it in one or more portions at public or private sale, at any of the Secured Party's offices or elsewhere, at such time or times, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Secured Party may deem commercially reasonable, irrespective of the impact of any such sales on the market price of any of the Trademark Collateral. Each such purchaser at any such sale shall hold the property sold absolutely, free and clear from any claim or right on the part of the Borrower or any party claiming through the Borrower, and the Borrower hereby waives (to the extent permitted by law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Borrower agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the Borrower of the

time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. At any sale of the Trademark Collateral, if permitted by law, the Secured Party may bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) for and purchase the Trademark Collateral or any portion thereof for the account of the Secured Party. The Secured Party shall not be obligated to make any sale of the Trademark Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was adjourned. In the case any sale of all or any part of the Trademark Collateral is made on credit or for future delivery, the Trademark Collateral sold may be retained by the Secured Party until the sale price is paid by the purchaser or purchasers thereof, but the Secured Party shall not incur any liability in case any such purchaser shall fail to pay for any Trademark Collateral so sold and, in case of any such failure, such Trademark Collateral may be sold again upon like notice to the Borrower. The Borrower recognizes that the Secured Party may elect in its sole discretion to sell all or part of the Trademark Collateral to one or more purchasers in privately negotiated transactions (but in the case of any Trademark, no such sale shall be separate from the Associated Goodwill of such Trademark). The Borrower hereby waives any claims against the Secured Party arising by reason of the fact that the price at which any Trademark Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Secured Party accepts the first offer received and does not offer such Trademark Collateral to more than one offeree. The Secured Party shall also have the power to execute assurances, and do all other acts and things for completing the assignment, sale, transfer or disposition which the Secured Party, in its sole discretion, deems appropriate or proper. For purposes of this agreement, a written agreement to purchase the Trademark Collateral or any portion thereof shall be treated as a sale thereof; the Secured Party shall be free to carry out any such sale pursuant to such agreement, and the Borrower shall not be entitled to the return of the Trademark Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Secured Party shall have entered into such an agreement, all Events of Default shall have been remedied and the Obligations paid in full. The provisions of this Section 2.3(d) shall in no event relieve the Borrower of any of its obligations hereunder or under the Loan Agreement with respect to the Trademark Collateral or any part thereof or impose any obligation on the Secured Party to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Secured Party of any other or further right which it may have on the date of this Agreement or hereafter, whether hereunder, or by law, or by the Loan Agreement, or otherwise.

(e) The Secured Party on demand shall have the right at the same or different times, with or without legal right at the same or different times, with or without legal process and with or without previous notice or demand for performance, to take possession of all tangible manifestations, embodiments or recordings of the Trademark Collateral and documentation relating thereto and all business records, documents, files, tapes, prints, tapes and other fixations or media with respect to the Trademark Collateral, and without liability for trespass to enter any premises where such copies, tangible manifestations, embodiments, recordings, business records, documents, files, tapes, prints, fixations and media with respect to the Trademark Collateral may be located for the purpose of taking possession of or removing such copies, tangible

manifestations, embodiments, recording business records, documents, files, prints, fixations and media with respect to the Trademark Collateral.

(f) The Secured Party may operate the business of the Borrower using the Trademark Collateral.

(g) The Secured Party may, to the same extent that the Borrower has the right to do so immediately prior to the effectiveness of the Section 2.2 Assignment, license or sublicense, whether general, special or otherwise and whether on an exclusive or nonexclusive basis, any of the Trademark Collateral, throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine.

(h) In general, the Secured Party may exercise, in respect of the Trademark Collateral, all rights and remedies provided under the other Loan Agreement, or otherwise including, without limitation, all rights and remedies of a secured party on default under the Uniform Commercial Code (whether or not the Uniform Commercial Code applies to the Trademark Collateral).

(i) In addition to the foregoing, in order to implement the assignment, sale, transfer or other disposition of any of the Trademark Collateral, the Secured Party may, pursuant to the authority granted in the power of attorney provided in Section 5 hereof (such authority becoming effective upon the occurrence and during the continuation of an Event of Default), execute and deliver on behalf of the Borrower one or more instruments of assignment of the Trademark Collateral, in form suitable for filing, recording or registration in the PTO Office.

2.4. Effect of Section 2.2 Assignment - Borrower's Obligations. (a) At the time of the effectiveness of the Section 2.2 Assignment provided herein, the Borrower shall have no right, title or interest in or to any of the Trademark Collateral, and the Borrower shall immediately cease and desist in any sales (or licenses, transfers or other dispositions) of the Trademarks (or any colorable imitation thereof) and the Trademark Collateral.

(b) In addition, at the time of the effectiveness of the Section 2.2 Assignment provided herein and at any time thereafter, the Secured Party may complete and record with the PTO Office the assignment of the Trademark Collateral attached as Exhibit A hereto and the Borrower shall execute and deliver such other documents as Secured Party deems to be necessary or appropriate to carry out the intent and purposes of this Agreement; provided that the failure of the Secured Party to record such assignment or of the Borrower to comply with such demand will not impair or affect the validity of the Section 2.2 Assignment. The Borrower agrees that any such assignment (including the Section 2.2 Assignment) and/or any recording thereof shall be applied to reduce the Obligations outstanding only to the extent that the Secured Party actually receives cash proceeds in respect of the assignment, sale, license, transfer or disposition of, or other realization upon, the Trademark Collateral.

(c) In the event of any such license, assignment, sale, transfer or other disposition of the Trademark Collateral, or any of it, after the occurrence and during the continuation of an Event of Default, whether to or by the Secured Party, the Borrower shall

supply to the Secured Party (or the Secured Party's designee) the Borrower's know-how and expertise relating to the products and services sold or provided under the Trademarks, and other records relating to the Trademark Collateral and to the production, marketing, delivery, sale, licensing, support, servicing and maintenance relating to the products and services sold or provided under the Trademarks.

2.5. No Obligations of Secured Party. Nothing herein contained shall be construed as obligating the Secured Party to take any of the foregoing actions at any time.

2.6. Costs and Application of Proceeds. The Borrower agrees to pay when due all costs incurred in any license, assignment, sale, transfer or other disposition of all or any portion of the Trademark Collateral to or by the Secured Party, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations. The Secured Party may apply the Proceeds actually received from any such license, assignment, sale, transfer, other disposition or other collection or realization, to the out-of-pocket costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred or paid by the Secured Party in protecting or enforcing its rights upon or under this Agreement, the Trademark Collateral, the Collateral or the Obligations, and any proceeds remaining shall be held by the Secured Party as collateral for, and/or then or at any time thereafter applied to the Obligations, all in accordance with the Loan Agreement; and the Borrower shall remain liable and will pay the Secured Party on demand any deficiency remaining, together with interest thereon at a rate equal to the highest rate then payable on the Obligations and the balance of any expenses unpaid.

2.7. Grant of License to Use Trademark Collateral. In addition to, and not by way of limitation of, all other rights of the Secured Party and obligations of the Borrower pursuant to this Agreement and the Loan Agreement, upon the effectuation of a Section 2.2 Assignment, the Secured Party shall hold an exclusive fully paid-up, irrevocable and perpetual, worldwide right and license to make, use, practice and sell (or license or otherwise transfer to third persons) the Trademark Collateral, for the exclusive purpose of (and to the extent necessary and sufficient for) the full and complete enjoyment and exercise of and realization upon the rights, remedies and interests of the Secured Party pursuant to this Agreement and the Loan Agreement.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE BORROWER. The Borrower represents and warrants to, and covenants and agrees with, the Secured Party, as follows:

Ownership and Rights in Trademark Collateral

3.1. Power and Authority; Non-Contravention. The Borrower has the full power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and, except for rights of third parties pursuant to agreements described on Schedule A, to subject the Trademark Collateral to the terms hereof. Except for rights of third parties pursuant to any agreement described on Schedule A, the execution, delivery and performance of this Agreement will not conflict with or contravene any contractual provision binding on the Borrower with respect to the Trademark Collateral (including but not limited to any license agreement relating

to the Trademark Collateral or any part thereof), except with respect to agreements the third parties to which have executed and delivered to the Secured Party a consent in form and substance reasonably satisfactory to the Secured Party.

3.2. (a) Schedules of Trademarks and Licenses. Set forth on Schedule A hereto is a true and complete list of all Trademarks and the Trademark Registrations at the PTO Office related thereto. All license and other agreements applicable to the Trademarks are the valid and binding obligations of all of the parties thereto, enforceable against each of such parties in accordance with their respective terms (provided that, with respect to any such parties other than the Borrower and its affiliates, such representation and warranty is made to the best of the Borrower's knowledge and belief).

3.3. Title. Except as set forth on the Schedule hereto, the Borrower is and will, subject to license, continue to be the sole and exclusive owner of the entire legal and beneficial right, title and interest in and to the Trademarks and Trademark Collateral, free and clear of any lien, charge, security interest or other encumbrance, except for the security interest and conditional assignment created by this Agreement, and the Loan Agreement, and except for liens and encumbrances explicitly permitted pursuant to the Loan Agreement and Permitted Liens. To the extent deemed necessary or appropriate by the Borrower in its reasonable business judgment, the Borrower will defend its right, title and interests in and to the Trademarks and the Trademark Collateral against any and all claims of any third parties.

3.4. Validity and Enforceability of Trademarks. Except as set forth on Schedule A hereto: the Trademarks and the Trademark Registrations at the PTO Office and Trademark Rights related thereto are subsisting, and have not been adjudged invalid or unenforceable; to the best of the Borrower's knowledge and belief, all of the Trademarks and the Trademark Registrations and Trademark Rights related thereto are valid and enforceable; and the Borrower has not received any written claim by any third party that any of the Trademarks or the Trademark Registrations and Trademark Rights related thereto are invalid or unenforceable.

3.5. Exclusive Right to Use. To the best of the Borrower's knowledge and belief, the Borrower has, and shall continue to have, the exclusive right to use all the Trademarks (other than uses by others pursuant to agreements entered into in the ordinary course of business) and throughout the United States, free and clear of any Liens (other than as permitted under the Loan Agreement including Permitted Liens), charges, encumbrances, claims or rights of any third party (except, in the case of Owned Trademarks, as set forth on Schedule A or restrictions on the rights of the Borrower to protect or enforce any of its Trademark Rights against any third party.

3.6. No Financing Statements, Etc. There is not on file in any governmental or regulatory authority, agency or recording office, in the United States or to the Borrower's knowledge in any foreign country, any effective financing statement, security agreement, assignment, license or transfer or notice of any of the foregoing in respect of the Trademarks (other than those that have been filed in favor of the Secured Party), and the Borrower is not aware of any such filing, other than those for which duly executed termination statements have been delivered to the Secured Party. So long as this Agreement shall be in effect, the Borrower shall not execute and shall not knowingly permit to be on file in any such office or agency any

such financing statement or other document or instrument (except financing statements or other documents or instruments filed or to be filed in favor of the Secured Party) in respect of the Trademarks.

3.7. No Claims or Proceedings. Except as set forth on Schedule A hereto, no written claim has been received that the Borrower's use of any of the Trademarks does or may violate the rights of any third party. Except as set forth on Schedule A hereto, there has been no decision adverse to the Borrower's claim of ownership rights in or exclusive rights to use the Trademarks or the Trademark Collateral associated therewith, or to its right to register the Trademarks in the United States or to keep and maintain such registrations in full force and effect, and there is no proceeding involving said rights threatened or pending in the PTO or any similar office or agency of the United States, any state or in any court.

3.8. Notice of Adverse Developments. The Borrower shall promptly notify the Secured Party of the institution of and any final adverse decision (after exhausting appeals) in any proceeding in the PTO or any similar office or agency of the United States or any state or any foreign country, or the institution of or any adverse judgment in any proceeding in any court, regarding the Borrower's claim of ownership in any of the Trademarks or related Trademark Collateral, its right to register any of the Trademarks, or to keep and maintain any such registration.

3.9. After-Acquired Trademark Collateral. The Borrower agrees that, upon its commencement of use of or acquisition of any right, title or interest in or to any Trademark, Trademark Registration or Trademark Right relating to or associated with "Rykodisc" or "Ryko" other than the Trademarks, Trademark Registrations or Trademark Rights, set forth on Schedule A hereto (including any variations or new versions of such scheduled Trademarks and Trademark Rights), the provisions of this Agreement shall automatically apply thereto. The Secured Party shall be authorized to amend such Schedule A as appropriate, to include such additional Trademarks, Trademark Registrations, and Trademark Rights without the necessity for the Borrower's approval of or signature to such amendment, and the Borrower shall do all such other acts (at its own expense) deemed necessary or appropriate by the Secured Party to implement or preserve the Secured Party's interest therein (including but not limited to executing and delivering, and recording in all places where this Agreement or notice hereof is recorded, an appropriate counterpart of this Agreement or other instrument pursuant to this Agreement). Such additional Trademarks, Trademark Registrations and Trademark Rights shall be automatically included in the "Trademarks," "Trademark Registrations" and "Trademark Rights," as defined herein.

3.10. Maintenance of Trademark Collateral. The Borrower shall take any and all such actions (including but not limited to institution and maintenance of suits, proceedings or actions) as may be deemed necessary or appropriate by the Borrower (in its reasonable business judgment) to maintain protect, preserve, care properly for and enforce the Trademarks, Trademark Registrations and Trademark Rights. Without limiting the generality of the foregoing, the Borrower shall pay when due the fees, taxes and other expenses which shall be incurred or which shall accrue with respect to any of the Trademarks, or the Trademark Collateral.

3.11. Trademark Symbols and Notices. The Borrower has in the past used, and shall in the future use the Trademarks with the statutory and other appropriate symbols, notices or legends of the registrations and ownership of the Trademarks.

3.12. No Conflicting Agreements. The Borrower shall not take any actions or enter into any agreements, including but not limited to any actions or agreements for the assignment, sale, transfer, license, disposition, grant of any interest in or encumbrance of any of the Trademark Collateral, which are inconsistent with or would or might materially impair in any way the Borrower's representations, warranties and covenants herein, without the prior written consent of the Secured Party (which consent shall not be unreasonably withheld); provided, however, that, notwithstanding any other provision of this Agreement, so long as no Event of Default shall have occurred and be continuing, the Borrower may license or otherwise transfer the Trademark Collateral in any lawful manner that is in the ordinary course of its business and is not inconsistent with the provisions of this Agreement, and the Loan Agreement. Without limiting the generality of the foregoing, the Borrower shall not permit the inclusion in any agreement to which it becomes a party of any provision which could or might in any way impair or prevent the creation of a security interest in or the conditional assignment of the Borrower's rights and interests in any property of material value covered by such agreement which is included within the definition of Trademark Collateral.

3.13. No Abandonment. The Borrower shall not abandon or dedicate to the public any of the Trademarks, the Trademark Registrations, or Trademark Rights related thereto, nor do any act nor omit to do any act if such act or omission is of a character that tends to cause or contribute to the abandonment or dedication to the public of any Trademark or the Trademark Registrations or Trademark Rights related thereto or loss of or adverse effect on any rights in any Trademark, Trademark Registrations, or Trademark Rights related thereto. Prohibited acts of the Borrower shall include but not be limited to "assignments in gross" of any Trademark or the license of any Trademark without both appropriate contractual use and quality control provisions and proper monitoring, supervision and enforcement by the Borrower of the quality of the licensed goods or services. The Borrower shall take all necessary and appropriate actions to insure that none of the Trademarks shall become generic or merely descriptive.

3.14. Enforcement of Licenses. The Borrower shall do all things as are necessary or appropriate to insure that each licensee of any Trademark in its use of such Trademark Collateral in its business, shall (i) comply fully with all applicable license agreements and (ii) satisfy and perform all the same standards and obligations set forth herein (with respect to the Borrower's use of the Trademarks and the Trademark Collateral) as fully as though such standards and obligations were set forth with respect to such licensee's use of the licensed Trademarks and the Trademark Collateral.

3.15. No Infringements. To the best of the Borrower's knowledge and belief, except as set forth on Schedule A hereto, there is at present no material infringement or unauthorized or improper use of the Trademarks, the Trademark Registrations, or Trademark Rights related thereto. The Borrower shall use its best efforts to detect such infringements or unauthorized or improper uses. In the event of any material infringements or unauthorized or improper uses of

any such property of material value, the Borrower shall promptly notify the Secured Party and shall have the right to sue and recover therefor and to retain any and all damages so recovered or obtained. In the event the Borrower fails to so sue or bring legal action, the Borrower shall notify the Secured Party within sixty (60) days after the date of original notice to the Secured Party.

3.16. Complete List of Registrations. All federal and state, registrations of the Trademarks, and applications for such registrations, , are set forth on Schedule A hereto.

3.17. Maintenance of Registrations. The Borrower, with counsel of its own choosing and at its expense, shall take actions which the Borrower in its reasonable business judgment determines are necessary and appropriate to preserve and maintain in full force and effect the Trademarks, Trademark Registrations and Trademark Rights related thereto, including but not limited to filing and diligently prosecuting necessary or appropriate applications for registration, opposition and cancellation proceedings, and registration renewal applications.

3.18. Certificates of Registrations. Upon demand by the Secured Party at any time, the Borrower shall deliver to the Secured Party the original or a true copy of all current official Certificates of Registration for any or all of the Trademark Registrations (for any jurisdiction of registration) for the Trademarks, and forthwith upon receipt thereof the original or a true copy of all official Certificates of Registration for any Trademarks for which registration applications are then pending or thereafter filed.

3.19. Records. The Borrower will diligently keep complete and accurate records respecting the Trademarks, Trademark Registrations and Trademark Rights related thereto. The Borrower shall upon reasonable prior notice by the Secured Party and at reasonable times, permit the Secured Party (or the Secured Party's designee) from time to time to review, inspect and examine (and make extracts and copies of) such records.

3.20. Perfection of Interest. This Agreement and the Loan Agreement create in favor of the Secured Party a valid and perfected first priority security interest in the Trademark Collateral upon the making of the financing statement filings referred to in Section 3.22 below and the filings at the PTO as contemplated by this Agreement.

3.21. Filings for Perfection of Interest. Except for the filing of financing statements under the Uniform Commercial Code with respect to the Loan Agreement, at the PTO and otherwise contemplated herein necessary to perfect and record the Secured Party's security interest in the Trademark Collateral, no authorization, approval or other action by, and no notice to or filing with, any governmental or regulatory authority, agency or office is required either (a) for the grant by the Borrower or the effectiveness of the security interest and conditional assignment granted hereby or for the execution, delivery and performance of this Agreement by the Borrower, or (b) for the perfection of or the exercise by the Secured Party of its rights and remedies hereunder; provided, however, that the foregoing representation and warranty shall not apply to foreign Trademark Rights. The Borrower also acknowledges and agrees that a copy of this Agreement (or instruments executed and delivered pursuant hereto) will be filed and recorded with the PTO with respect to the Trademarks registered at present or in the future with

the PTO (or with respect to which registration applications are at present or in the future pending or filed with the PTO).

3.22. Disclosure Complete and Accurate. All information with respect to the Trademark Collateral set forth herein, in the Loan Agreement, or in any schedule, certificate or other writing at any time heretofore or hereafter furnished by the Borrower to the Secured Party, is and will be true, correct and complete in all material respects as of the date furnished.

3.23. Manner of Use of Trademarks. The Borrower shall continue to use the Trademarks in its business in the same or similar manner as it has in the past in order to maintain the Trademarks in full force, free from any claim or risk of abandonment for non-use.

3.24. Further Assurances. Without limiting the obligations of Borrower under the Loan Agreement, Borrower shall take such actions as are necessary to preserve and maintain its rights in and to the Trademark Collateral. Upon the request of Secured Party, Borrower shall execute, acknowledge and deliver all documents and instruments and take such other actions, including without limitation testifying in any legal or administrative proceedings, as may be necessary or desirable to preserve or enforce Borrower's rights in and to the Trademark Collateral or to accomplish the purposes of this Agreement or the Loan Agreement.

4. COLLECTIONS IN RESPECT OF TRADEMARK COLLATERAL.

4.1. In General. Except as otherwise provided in Section 4.2 hereof or in the Loan Agreement the Borrower shall continue to collect, at its own expense, all amounts due or to become due to the Borrower in respect of the Trademark Collateral or any part thereof; provided, however, that the Borrower shall cause all such amounts to be paid over to the blocked accounts maintained in accordance with the Loan Agreement.

4.2. Upon Event of Default. Upon the occurrence and during the continuation of an Event of Default, the Secured Party is hereby given full power and authority, without notice or demand, (a) to notify any and all obligors with respect to the Trademark Collateral or any part thereof; (b) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Trademark Collateral or any part thereof; (c) to sign the name of the Borrower to any invoice relating to any of the Trademark Collateral; (d) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court or competent jurisdiction to collect or otherwise realize on all or any of the Trademark Collateral or to enforce any rights in respect of any of the Trademark Collateral; (e) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining of all or any of the Trademark Collateral; and (f) to demand, take, collect, sue for and receive for its own use and account all amounts due or to become due the Borrower in respect of the Trademark Collateral, and in connection therewith to enforce all rights and remedies with respect to the Trademark Collateral or any part thereof which the Borrower could enforce; and the Borrower hereby ratifies any and all actions which the Secured Party may lawfully take to enforce the Secured Party's rights hereunder. Whether or not the Secured Party shall have so notified any obligors, the Borrower shall at its expense cooperate with the Secured Party and render all reasonable assistance to the Secured Party in enforcing claims against such obligors.

5. ENFORCEMENT OF TRADEMARK RIGHTS

5.1. In General. Except as otherwise provided in Section 5.2 hereof, and notwithstanding Section 2.2(a) hereof, the Borrower shall have the right and the obligation to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such suits, proceedings or other actions to restrain, prevent or recover for infringement, misuse, misappropriation, unfair competition, or other damage or injury as are in its reasonable business judgment necessary or appropriate to maintain, protect and enforce the Trademarks, the Trademark Registrations and the Trademark Rights related thereto. The Secured Party shall cooperate with the Borrower, at the Borrower's expense, as may be reasonably necessary or appropriate in connection with any such suit, proceeding or action, including but not limited to joining as a necessary party, so long as the Secured Party is completely satisfied that such joinder or other act will not subject the Secured Party to any risk of liability. The Borrower shall indemnify and hold harmless the Secured Party from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses or disbursements (including but not limited to reasonable attorneys' fees) of any kind whatsoever which may be imposed on, incurred or suffered by or asserted against the Secured Party in connection with or in any way arising out of such suits, proceedings or actions.

5.2. Upon Event of Default. Upon and only upon the occurrence and during the continuation of an Event of Default, the Secured Party shall have the right but in no way shall be obligated to bring suit in the name of the Borrower or the Secured Party (in the sole discretion of the Secured Party), to protect, maintain or enforce any of the Borrower's rights or interests in, to or under the Trademark Collateral or any part thereof, in which event the Borrower shall at the request of the Secured Party, and at the Borrower's expense, do any and all lawful acts and things and execute any and all documents and instruments requested by the Secured Party in furtherance of such protection, maintenance or enforcement; the Borrower shall promptly, upon demand, indemnify and reimburse the Secured Party for all liabilities, obligations, costs, expenses or disbursements imposed on, incurred or suffered by or asserted against the Secured Party in the exercise of its rights under this Section 5.2. In the event the Secured Party shall elect not to bring suit to protect, maintain or enforce any such rights or interests of the Borrower, the Borrower shall use all reasonable measures, whether by action, suit, proceeding or otherwise, to protect, maintain and enforce such rights and interests in the exercise of its reasonable business judgment, and for that purpose shall diligently maintain any such action, suit or proceeding necessary or appropriate for such protection, maintenance or enforcement.

6. FURTHER ASSURANCES

6.1. Notice of Adverse Developments. Upon obtaining knowledge thereof, the Borrower will promptly notify the Secured Party in writing of any event which does or reasonably could materially adversely affect the value of the Trademarks, Trademark Registrations, and Trademark Rights of any material value, the ability of the Borrower or the Secured Party to dispose of any of such Trademarks, Trademark Registrations, and Trademark Rights, or the rights and remedies of the Secured Party in relation to any of such Trademarks,

Trademark Registrations, and Trademark Rights, including but not limited to the institution or levy of any legal process against any of such Trademarks and Trademark Registrations.

6.2. Further Instruments and Acts. In general, the Borrower shall, at any time and from time to time, and at its expense, make, execute, acknowledge and deliver, and file and record as necessary or appropriate with governmental or regulatory authorities, agencies or offices, such agreements, assignments, documents and instruments, and do such other and further acts and things, as the Secured Party may request or as may be necessary or appropriate in order to implement and effect fully the intentions, purposes and provisions of this Agreement, or to assure and confirm to the Secured Party the grant and perfection of a security interest in the Trademark Collateral and the right to the complete enjoyment and exercise of the Secured Party's rights hereunder.

6.3. Secured Party's Right to Perform Borrower's Obligations. If the Borrower shall fail to do any act which it has covenanted to do hereunder, or if any representation or warranty of the Borrower shall be breached, the Secured Party, in its own name or that of the Borrower (in the sole discretion of the Secured Party), may (but shall not be obligated to) do such act or remedy such breach (or cause such act to be done or such breach to be remedied), and any cost or expense incurred by the Secured Party in so doing shall be added to the principal amount of the Obligations and shall bear interest at the rate applicable under the Loan Agreement. The Borrower shall cooperate with the Secured Party in any such act or remedy.

6.4 Borrower to Remain Liable. It is expressly agreed by Borrower that Borrower shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it relating to the Trademark Collateral. Secured Party shall not have any obligation or liability under or in relation to the Trademark Collateral by reason of, or arising out of, this Agreement and Secured Party's rights hereunder, or the assignment by Borrower to Secured Party of, or the receipt by Secured Party of, any payment relating to any Trademarks, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Borrower relating to the Trademark Collateral or be liable to any party on account of Borrower's use of the Trademark Collateral, and Borrower will save, indemnify and keep Secured Party harmless from and against all expense, loss or damage (including reasonable attorneys fees and expenses) suffered in connection with such obligations or use or suffered in connection with any suit, proceeding or action brought by Secured Party in connection with any Trademark Collateral except as may arise from the willful misconduct or gross negligence of the Secured Party.

6.5 Secured Party's Actions. If Borrower fails to perform or comply with any of its agreements contained herein and Secured Party, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of Secured Party incurred in connection with such performance or compliance shall be paid by Borrower on demand and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the same rate as the Obligations under the Loan Agreement.

7. LIABILITIES, INDEMNITY AND COSTS

7.1. Liability for Uses of Trademark Collateral. The Borrower shall be liable for any and all uses or misuses of any of the Trademark Collateral by itself and its affiliates and for any failure to take reasonable measures to avoid and prevent the improper use or sale (or other transfer or disposition) of the Trademark Collateral by any other party (including but not limited to any licensee of the Trademarks), any failure to use the Trademarks in accordance with this Agreement, or any other claim, suit, loss, damage, expense or liability of any kind or nature (except those resulting from any gross negligence or willful misconduct of the Secured Party) arising out of or in connection with the Trademark Collateral or the production, marketing, delivery, sale, license or other transfer or disposition of the goods and services provided under or in connection with or which use, embody or incorporate any of the Trademarks or other Trademark Collateral prior to the effectiveness of the Section 2.2 Assignment. The Borrower shall also be exclusively liable for any claim, suit, loss, damage, expense or liability arising out of or in connection with the fault, negligence, acts or omissions of the Borrower (regardless of whether such fault, negligence, acts or omissions occurred or occur prior to or after such effectiveness). This Section 7.1 is for the purpose of establishing and allocating, as between the Borrower and the Secured Party, certain liabilities; it is not intended to create any affirmative obligations of the Borrower to the Secured Party other than those set forth elsewhere in this Agreement, and the Loan Agreement.

7.2. License Agreement Obligations. Nothing in this Agreement shall relieve the Borrower from any performance of any covenant, agreement or obligation of the Borrower under any license agreement now or hereafter in effect licensing any part of the Trademark Collateral, or from any liability to any licensee or licensor under any such license agreement or to any other party, or shall impose any liability on the Secured Party for any act or omission of the Borrower in connection with any such license agreement.

7.3. Indemnification. The Borrower shall indemnify and hold harmless the Secured Party for, from and against, and shall pay to the Secured Party on demand, any and all claims, actions, suits, judgments, penalties, losses, damages, costs, disbursements, expenses, obligations or liabilities of any kind or nature (except those resulting from the Secured Party's gross negligence or willful misconduct) arising in any way out of or in connection with this Agreement, the Trademark Collateral, custody, preservation, use, operation, sale, license (or other transfer or disposition) of the Trademark Collateral, any alleged infringement of the intellectual property rights of any third party, the sale of, collection from or other realization upon any of the Trademark Collateral, the failure of the Borrower to perform or observe any of the provisions hereof, or matters relating to any of the foregoing, prior to the effectiveness of the Section 2.2 Assignment. The Borrower shall also indemnify and hold harmless the Secured Party from and against any and all claims, actions, suits, judgments, penalties, losses, damages, costs, disbursements, expenses, obligations or liabilities arising out of or in connection with any fault, negligence, act or omission of the Borrower (regardless of whether such fault, negligence, act or omission occurred or occurs prior to or after such effectiveness). The Borrower shall make no claim against the Secured Party for or in connection with the exercise or enforcement by the Secured Party of any right or remedy granted to it hereunder, or any action taken or

omitted to be taken by the Secured Party hereunder (except for the gross negligence or willful misconduct of the Secured Party).

7.4. Expenses. Any and all fees, costs and expenses, of whatever kind or nature, including but not limited to reasonable fees and disbursements of counsel and of any experts and agents, incurred by the Secured Party in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of the transactions contemplated hereby, the filing or recording of any documents (including all taxes in connection herewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees or encumbrances, or otherwise protecting, maintaining or preserving the Trademark Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademark Collateral, or in exercising or enforcing any right or remedy granted to the Secured Party hereunder, shall be borne and paid by the Borrower on demand by the Secured Party, and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the rate applicable under the Loan Agreement.

8. POWER OF ATTORNEY

8.1. Grant. The Borrower hereby grants to the Secured Party, and any officer or agent of the Secured Party as the Secured Party may designate in its sole discretion, a power of attorney, which grant is irrevocable and coupled with an interest with full power of substitution, thereby constituting and appointing the Secured Party (and the Secured Party's designee) its true and lawful attorney-in-law and attorney-in-fact, (a) to execute and deliver any and all agreements, documents, instruments of assignment, licenses or transfers of the Trademarks, and do all other acts, which the Borrower is obligated to execute or do under any provision of this Agreement and which the Borrower fails to do, and to execute any and all documents, statements, certificates or other documents necessary or advisable to effect any of the purposes set forth herein as the Secured Party (or the Secured Party's designee) may in its sole discretion determine, and (b) effective upon the occurrence and during the continuation of an Event of Default on behalf of Borrower without notice to or assent by Borrower to do the following:

(a) to apply for and prosecute any applications for recording or registrations of any Trademark Collateral, and to file any affidavits or other documents necessary or desirable to preserve, maintain or renew any such registrations;

(b) to assign, sell or otherwise dispose of all or any part of Borrower's right, title and interest in and to the Trademarks and all registrations and recordings thereof and pending applications therefor;

(c) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to enforce any right in respect of any Trademark; to defend any suit, action or proceeding brought against Borrower with respect to any Trademark Collateral; to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate;

(d) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Trademarks as fully and completely as though Secured Party were the absolute owner thereof for all purposes;

(e) to do, at Secured Party's option and Borrower's expense, at any time or from time to time, all acts and things that Secured Party deems necessary to protect, preserve or realize upon the Trademark Collateral and Secured Party's security interests therein, in order to effect the intent of this Agreement; and

(f) to execute any and all documents, statements, certificates or other writings necessary or advisable in order to effect the purposes described above as Secured Party may in its sole discretion determine.

Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

8.2. Irrevocable. The foregoing power of attorney is coupled with an interest and is irrevocable until this Agreement shall terminate.

8.3. Release. The Borrower hereby releases the Secured Party from any claims, causes of action and demands at any time arising out of or in connection with any actions taken or omitted to be taken by the Secured Party under the power of attorney granted herein (except for the gross negligence or willful misconduct of the Secured Party).

9. SPECIFIC ENFORCEMENT.

Due to the unique nature of the Trademark Collateral, and in order to preserve its value, the Borrower agrees that the Borrower's agreements, duties and obligations under this Agreement shall be subject to specific enforcement and other appropriate equitable orders and remedies.

10. PROVISIONS OF GENERAL APPLICATION.

10.1. Loan Agreement Controls. In the event of any irreconcilable conflict between the provisions of this Agreement and the Loan Agreement the provisions of the Loan Agreement shall control.

10.2. Severability. In the event any term or provision of this Agreement shall for any reason be held to be invalid, illegal or unenforceable to any extent or in any respect, or otherwise determined to be of no effect, in any jurisdiction, such invalidity, illegality, unenforceability or determination shall affect only such term or provision, or part thereof, in only such jurisdiction. The parties agree they will negotiate in good faith to replace any provision so held invalid, illegal or unenforceable, or so determined, with a valid, enforceable and effective provision which is as similar as possible in substance and effect to the provision which is invalid, illegal, unenforceable or of no effect.

10.3. Amendments, Etc. Except as provided in Sections 3.9 and 10 hereof, neither this Agreement nor any term hereof may be amended, changed, waived, discharged or terminated except by a written instrument expressly referring to this Agreement and to the provisions so amended, modified, waived or terminated, and executed by the party to be charged.

10.4. No Waivers. No course of dealing between the Borrower and the Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10.5. Assignments. The Borrower shall not assign this Agreement or any rights, duties or obligations hereunder without the prior written consent of the Secured Party. This Agreement and all obligations of the Borrower shall be binding upon the successors and permitted assigns of the Borrower, and shall together with the rights and remedies of Secured Party hereunder inure to the benefit of the Secured Party and its respective successors and assigns.

10.6. Counterparts. This Agreement, and any amendments, waivers, consents, or supplements hereto or hereunder, may be executed in any number of counterparts and by each party on a separate counterpart, each of which when executed and delivered shall be an original but all of which together shall constitute one instrument. In proving this Agreement, or any such amendment, waiver, consent or supplement, it shall not be necessary to produce or account for more than one such counterpart executed by the party against which enforcement is sought.

10.7. Headings. The captions in this Agreement are for convenience of reference only and shall not define, limit or affect the provisions hereof.

10.8. Governing Laws. EXCEPT AS OTHERWISE REQUIRED BY THE LAWS OF ANY JURISDICTION IN WHICH ANY OF THE COPYRIGHT COLLATERAL IS LOCATED, THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS HEREUNDER, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MARYLAND (WITHOUT REFERENCE TO ITS CHOICE OR CONFLICTS OF LAWS RULES OR PRINCIPLES).

10.9. Waiver of Jury Trial. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT AND THE OTHER FINANCING AGREEMENTS, OR AS TO THE VALIDITY, PROTECTION, INTERPRETATION, ADMINISTRATION, COLLECTION OR ENFORCEMENT HEREOF OR THEREOF OR PURSUANT TO THE OTHER FINANCING AGREEMENTS, OR ANY OTHER CLAIM OR DISPUTE HOWSOEVER ARISING BETWEEN BORROWER AND SECURED PARTY.

10.10 Application of Payments; Termination of Security Interests; Release of Collateral.


(a) To the extent that any payment made or received under the Loan Agreement is subsequently invalidated, determined to be fraudulent or preferential, set aside, defeased, or required to be repaid, as set forth in Section 12.3 of the Loan Agreement, then this Agreement shall be revived and renewed and shall continue as if such payment had not been received and the Liens created hereby shall be renewed and revived automatically without any action on the part of any party hereto and shall continue as if such payment had not been received. Any payments received with respect to the Trademark Collateral shall be credited and applied as provided under the Loan Agreement.

(b) Promptly following full performance and satisfaction and indefeasible payment in full in cash of all amounts due under or pursuant to the Loan Agreement, this Agreement and the Liens created hereby shall terminate and the Secured Party execute and deliver such documents, at Borrower's expense, as are necessary to release the Secured Party's Liens in the Trademark Collateral and shall return the Trademark Collateral to Borrower; provided, however, that the parties agree that, notwithstanding any such termination or release or the execution, delivery or filing of any such document or the return of any Trademark Collateral, if and to the extent that any such payment made or received with respect to all amounts due under or pursuant to the Loan Agreement is subsequently invalidated, determined to be fraudulent or preferential, set aside, defeased or required to be repaid, as set forth in Section 12.3 of the Loan Agreement, then this Agreement shall be revived and shall continue as if such payment had not been received by the Secured Party and the Liens created hereby shall be revived automatically without any action on the part of any party hereto and shall continue as if such payment had not been received by the Secured Party and shall not be deemed to have made any representation or warranty with respect to any Trademark Collateral so delivered except that such Trademark Collateral is free and clear, on the date of such delivery, of any and all Liens. In the event that after the Obligations have been indefeasibly paid in full in immediately available funds, Borrower determines that a filing is required to be made with the PTO Office or any state UCC filing office, in reasonable and customary form, to release the Liens created hereby and the Secured Party fails to respond after Borrower has given notice to the Secured Party at least two (2) times in a four (4) week period in accordance with the notice provisions of the Loan Agreement which notice shall reference the Loan Agreement, this Agreement, the date that the Obligations were repaid and request that Secured Party sign and return such filing document (with a copy enclosed), Borrower shall be authorized to sign on behalf of the Secured Party and file such document with the PTO Office and applicable state UCC filing offices.


[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Borrower and the Secured Party, each by its duly authorized officer, have duly executed this Agreement, as an instrument under seal, as of the date first set forth above.

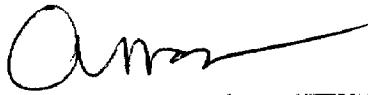
RYKO CORPORATION

By: 
Name: Arthur Mann
Title: President

RYKODISC, INC.

By: 
Name: Arthur Mann
Title: President

RYKOMUSIC, INC.

By: 
Name: Arthur Mann
Title: President

CAPITALSOURCE FINANCE LLC

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Borrower and the Secured Party, each by its duly authorized officer, have duly executed this Agreement, as an instrument under seal, as of the date first set forth above.

RYKO CORPORATION

By: _____
Name: _____
Title: _____

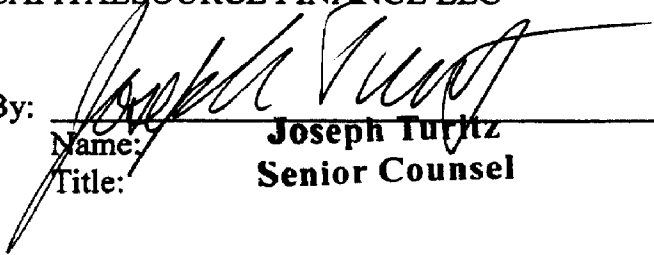
RYKODISC, INC.

By: _____
Name: _____
Title: _____

RYKOMUSIC, INC.

By: _____
Name: _____
Title: _____

CAPITALSOURCE FINANCE LLC

By:  _____
Name: **Joseph Turitz**
Title: **Senior Counsel**

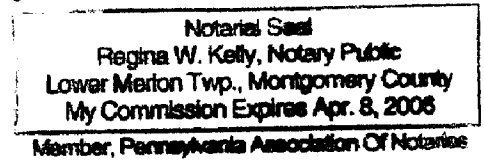
STATE OF Pennsylvania

COUNTY OF Montgomery, ss

February 26, 2003

Then personally appeared the above-named Arthur Mann and stated that he/she is the duly authorized President of RYKO CORPORATION, and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of _____ before me.

Regina W. Kelly
Notary Public
My Commission Expires:



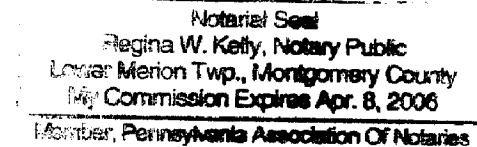
STATE OF Pennsylvania

COUNTY OF Montgomery, ss

February 26, 2003

Then personally appeared the above-named Arthur Mann and stated that he/she is the duly authorized President of RYKODISC, INC., and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of _____ before me.

Regina W. Kelly
Notary Public
My Commission Expires:



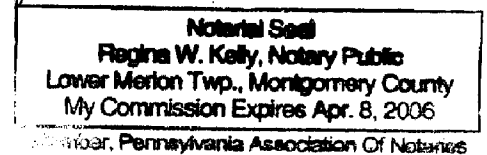
STATE OF Pennsylvania

COUNTY OF Montgomery, ss

February 26, 2003

Then personally appeared the above-named Arthur Mann and stated that he/she is the duly authorized President of RYKOMUSIC, INC., and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of _____ before me.

Regina W. Kelly
Notary Public
My Commission Expires:

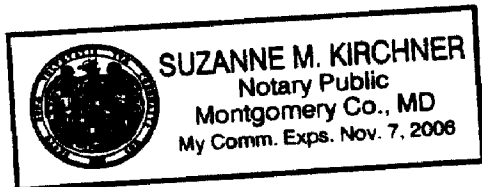


STATE OF Maryland

COUNTY OF Montgomery, ss

March 6, 2003

Then personally appeared the above-named Joseph Turitz and stated that he/she is the duly authorized Senior Counsel of CapitalSource Finance LLC, and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of CapitalSource Finance LLC, before me.



Suzanne Kirchner

Notary Public

My Commission Expires: Nov. 7, 2006

SCHEDULE A TO
TRADEMARK SECURITY AGREEMENT

I. TRADEMARKS

Mark Owner	Type Class(es)	Appln No. Appln. Date	Reg. No. Reg. Date	Sec. 8/15 Renewal Due	Status
RYKO Rykodisc, Inc.	9	74/108461 23 Oct 1990	1711260 01 Sep 1992	01 Sep 2012	REGISTERED
RYKO & DESIGN Rykodisc, Inc.	9	74/108456 23 Oct 1990	1700253 14 Jul 1992	14 Jul 2012	REGISTERED
RYKO (SOUND FROM A FLASH OF LIGHT) & DESIGN Rykodisc, Inc.	9	73/691979 26 Oct 1987	1521609 24 Jan 1989	24 Jan 2009	REGISTERED
RYKODISC Rykodisc, Inc.	9	74/208995 02 Oct 1991	1740989 22 Dec 1992	22 Dec 2012	REGISTERED
RYKODISC (SOUND FROM A FLASH OF LIGHT) Rykodisc, Inc.	9	73/691978 26 Oct 1987	1521608 24 Jan 1989	24 Jan 2009	REGISTERED

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EXHIBIT A TO
TRADEMARK SECURITY AGREEMENT

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the undersigned hereby grants, assigns, transfers, conveys, and sets over to _____ its entire right, title, and interest in and to the Trademarks listed on Schedule A hereto and to all goodwill of the Borrower or its business, products, and services appurtenant to, associated with or symbolized by such Trademarks and/or the use thereof.

This instrument is subject to all the terms and conditions of the Trademark Security Agreement between the undersigned and Secured Party as well as that certain Revolving Credit and Security Agreement also between the undersigned and Secured Party.

DATED:

RYKO CORPORATION

By: _____
Name:
Title:

RYKODISC, INC.

By: _____
Name:
Title:

RYKOMUSIC, INC.

By: _____
Name:
Title:

REP SALES, INC.

By: _____
Name:
Title:

RESTLESS ACQUISITION CORP.

By: _____
Name:
Title:

STATE OF _____

COUNTY OF _____, ss _____, 2003

Then personally appeared the above-named _____ and stated that he/she is the duly authorized _____ of RYKO CORPORATION, and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of _____ before me.

Notary Public
My Commission Expires:

STATE OF _____

COUNTY OF _____, ss _____, 2003

Then personally appeared the above-named _____ and stated that he/she is the duly authorized _____ of RYKODISC, INC., and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of _____ before me.

Notary Public
My Commission Expires:

STATE OF _____

COUNTY OF _____, ss _____, 2003

Then personally appeared the above-named _____ and stated that he/she is the duly authorized _____ of RYKOMUSIC, INC., and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of _____ before me.

Notary Public
My Commission Expires:

STATE OF _____

COUNTY OF _____, ss _____, 2003

Then personally appeared the above-named _____ and stated that he/she is the duly authorized _____ of REP SALES, INC., and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of _____ before me.

Notary Public
My Commission Expires:

STATE OF _____

COUNTY OF _____, ss _____, 2003

Then personally appeared the above-named _____ and stated that he/she is the duly authorized _____ of RESTLESS ACQUISITION CORP., and acknowledged the foregoing instrument to be his/her free act and deed, and the free act and deed of _____ before me.

Notary Public