

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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):

Bogopa Service Corp.

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

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

3. Nature of conveyance:

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

Execution Date: 08/01/2003

2. Name and address of receiving party(ies)

Name: General Trading Co., Inc.

Internal

Address: _____

Street Address: 455 16th Street

City: Carlstadt State: NJ Zip: 07072

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State New Jersey
- Other _____

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

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

A. Trademark Application No.(s) _____

B. Trademark Registration No.(s) (2,544,807)
(2,604,264) (2,674,059)

Additional number(s) attached Yes No

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

Name: Lisa C. Fodor, Esq.

Internal Address: _____

Street Address: 65 Livingston Avenue

City: Roseland State: NJ Zip: 07068

6. Total number of applications and registrations involved: _____

3

7. Total fee (37 CFR 3.41).....\$ 90.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

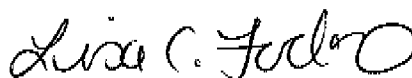
501358

DO NOT USE THIS SPACE

9. Signature.

Lisa C. Fodor, Esq.

Name of Person Signing



Signature

August 5, 2003

Date

Total number of pages including cover sheet, attachments, and document: **27**

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

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is dated as of August __, 2003 by and between GENERAL TRADING CO., INC., a New Jersey corporation, having an office at 455 16th Street, Carlstadt, New Jersey 07072 (the "Lender"), and BOGOPA SERVICE CORP., a New York corporation, having its principal place of business at 650 Fountain Avenue, Brooklyn, New York 11208 ("Borrower").

RECITALS:

Pursuant to a certain Credit Agreement, of this same date, by and among the Lender and the co-borrowers named therein (individually, a "Co-Borrower" and collectively, the "Co-Borrowers") including the Borrower (the "Credit Agreement"), the Lender will, *inter alia*, subject to the terms and conditions thereof, provide the Co-Borrowers (including the Borrower named herein) with a \$26,300,000 financing arrangement consisting of (a) a term loan, as evidenced by that certain \$13,500,000 Term Loan Note, of this same date, from the Co-Borrowers in favor of Lender (the "Term Loan Note"), (b) a revolving credit inventory facility, as evidenced by that certain \$2,999,000 Credit Line Note, of this same date, made by the Co-Borrowers in favor of Lender (the "Credit Line Note"), (c) a supplemental credit line, as evidenced by that certain \$1,001,000 Supplemental Credit Line Note of this same date, made by the Co-Borrowers in favor of Lender (the "Supplemental Credit Line Note"), (d) a special term loan, as evidenced by that certain Special Term Note of this same date, made by the Co-Borrowers in favor of Lender (the "Special Term Note"), and (e) a future term loan evidenced by that certain term note in the projected principal amount of up to \$8,500,000 from Borrowers in favor of Lender (the "Additional Term Loan Note"). The Term Loan Note, Credit Line Note, Supplemental Credit Line Note, Special Term Note and Additional Term Loan Note are hereafter sometimes collectively referred to as the "Notes".

The Lender is willing to enter into the Credit Agreement only upon the condition, among others, that the Borrower secure its obligations under the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement), by executing and delivering this Agreement to Lender.

NOW, THEREFORE, in consideration of the foregoing and the respective covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Lender hereby agree as follows:

SECTION 1. DEFINITIONS.

1.1. General Definitions. As used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings set forth below:

"Chattel Paper" means all chattel paper as such term is defined in the UCC, now owned or hereafter acquired, including, without limitation, electronic chattel paper, as such term is defined in the UCC.

“Collateral” means and includes all now and hereafter acquired assets of the Borrower including, without limitation:

- (A) all Inventory;
- (B) all Equipment;
- (C) all General Intangibles;
- (D) all Receivables;
- (E) all Chattel Paper;
- (F) all Letter-of-Credit Rights;
- (G) all Instruments;
- (H) Investment Property;
- (I) Deposit Accounts;
- (J) Commercial Tort Claims;

(K) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software (owned by the Borrower or in which it has an interest) which at any time evidence or contain information relating to any or all of (A), (B), (C), (D), (E), (F), (G), (H), (I) and (J) above or are otherwise necessary or helpful in the collection thereof or realization thereupon;

(L) documents of title, policies and certificates of insurance, securities, Chattel Paper, other documents or instruments evidencing or pertaining to any or all of (A), (B), (C), (D), (E), (F), (G), (H), (I), (J) and (K) above;

(M) all right, title and interest of Borrower in and to any and all tenancies, leases, lettings, subtenancies, subleases, underlettings, concession agreements, licenses, sublicenses and other occupancy agreements which Borrower may now hold or may hereafter enter into together with all security therefor and all monies payable thereunder, and all books and records which contain payments made thereunder and all security therefore;

(N) all Supporting Obligations and guaranties, including letters of credit and guarantees issued in support of Receivables, Chattel Paper, General Intangibles and Investment Property, Liens on real or personal property, leases, and other agreements and property which in any way secure or relate to any or all of (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (L) and (M) above, or are acquired for the purpose of securing and enforcing any item thereof;

(O) (i) all cash held as cash collateral to the extent not otherwise constituting Collateral, all other cash or property at any time on deposit with or held by the Lender for the account of the Borrower (whether for safekeeping, custody, pledge, transmission or otherwise),

(ii) all present or future deposit accounts (whether time or demand or interest or non-interest bearing) of the Borrower with the Lender or any other Person including those to which any such cash may at any time and from time to time be credited, (iii) all Payment Intangibles, (iv) all letter of credit obligations, (v) all investments and reinvestments (however evidenced) of amounts from time to time credited to such accounts, (iv) all interest, dividends, distributions and other proceeds payable on or with respect to (x) such investments and reinvestments and (y) such accounts, and (v) all Investment Property; and

(P) all products and proceeds of (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (L) and (M) above (including, but not limited to, all claims to items referred to in (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (L) and (M) above) and all claims of the Borrower against third parties (x) for (i) loss of, damage to, or destruction of, and (ii) payments due or to become due under leases, rentals and hires of any or all of (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (L), (M), (N) and (O) above and (y) proceeds payable under, or unearned premiums with respect to policies of insurance in whatever form.

"Commercial Tort Claims" means all commercial tort claims as such term is defined in the UCC, now owned or hereafter acquired, including without limitation those that are described on Schedule IV (as may be amended from time to time).

"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 the Borrower or which the Borrower otherwise has the right to license, or granting any right to the Borrower under any Copyright now or hereafter owned by any third party, and all rights of the Borrower under any such agreement.

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

"Credit Agreement" shall have the meaning set forth in the Recitals paragraph hereof.

"Customer" means and includes the account debtor with respect to any Receivable and/or the prospective purchaser of goods, services or both with respect to any contract or contract right, and/or any party who enters into or proposes to enter into any contract or other arrangement with the Borrower, pursuant to which the Borrower is to deliver any personal property or perform any services.

"Default" means any act or event which, with the giving of notice or passage of time or both, would constitute an Event of Default.

"Deposit Accounts" means all deposit accounts as such term is defined in the UCC, now owned or hereafter acquired.

"Equipment" means all equipment as such term is defined in the UCC, now owned or hereafter acquired, including, without limitation, equipment, machinery and goods (excluding Inventory), whether or not constituting fixtures, including, without limitation: plant and office equipment, tools, dies, parts, data processing equipment, computer equipment with embedded software and peripheral equipment, furniture and trade fixtures, trucks, trailers, loaders and other vehicles and all replacements and substitutions therefore and all accessions thereto.

"Event of Default" means the occurrence of any of the events set forth in Section 6.1.

"GAAP" means generally accepted accounting principles as in effect in the United States on the date hereof, consistently applied.

"General Intangibles" means all general intangibles as such term is defined in the UCC, now owned or hereafter acquired, including, without limitation, Payment Intangibles, Intellectual Property, equipment formulation, manufacturing procedures, quality control procedures, product specifications, registrations, contract rights, choses in action, causes of action, corporate or other business records, goodwill, claims under guarantees, franchises, tax refunds, tax refund claims, computer programs, computer data bases, computer program flow diagrams, source codes, object codes and all other intangible property of every kind and nature.

"Instruments" means all instruments as such term is defined in the UCC, now owned or hereafter acquired, including, without limitation, a negotiable instrument or a certificated security or any other writing which evidences a right to the payment of money.

"Intellectual Property" means all intellectual and similar property of the Borrower of every kind and nature now owned or hereafter acquired by the Borrower, including inventions, designs, Trademarks, Patents, Copyrights, Licenses, 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 the connection with, any of the foregoing.

"Inventory" means all inventory as such term is defined in the UCC, now owned or hereafter acquired, including, without limitation, goods, merchandise and other personal property, wherever located, to be furnished under any contract of service or held for sale or lease, all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are or might be used or consumed in business or used in selling or furnishing such goods, merchandise and other personal property, and all documents of title or other documents representing them.

"Investment Property" means all investment property as such term is defined in the UCC.

"Lender" shall have the meaning set forth in the introductory paragraph hereof.

“Letter-of-Credit Rights” means all letter-of-credit rights as such term is defined in the UCC, now owned or hereafter acquired, including, without limitation, rights to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is entitled to demand payment or performance.

“License” means any Trademark License, Copyright License or other license or sublicense to which the Borrower is a party.

“Liens” means any pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, security title, mortgage, security deed or deed of trust, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the UCC or comparable law of any jurisdiction).

“Notes” shall have the meaning set forth in the Recitals paragraph hereof.

“Obligations” means and includes all “Obligations” as defined in the Credit Agreement which include, without limitation, all obligations now existing and hereafter arising of the Borrower to the Lender under this Agreement, the Notes, the Credit Agreement and the other Loan Documents, and arising under all open book accounts and amounts receivable owing to Lender by Borrower, all contingent liabilities, joint and several liabilities, claims (including, without limitation, damage claims arising from a breach of contract) and those arising under any other notes, agreements, guaranties, documents and instruments executed by Borrower and delivered to Lender from time to time, and further including, without limitation, all expenses (including attorneys’ fees and expenses) chargeable from time to time to the Borrower’s account or incurred from time to time by the Lender in connection with the Borrower’s account whether provided for herein or in any other agreement, instrument or document executed by or on behalf of the Borrower.

“Payment Intangibles” means all payment intangibles as such term is defined in the UCC, now owned or hereafter acquired, including, without limitation a General Intangible under which the account debtor’s principle obligation is a monetary obligation.

"Permitted Liens" means: (a) Liens of carriers, warehousemen, artisans, bailees, mechanics and materialmen incurred in the ordinary course of business securing sums not overdue; (b) Liens incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, relating to employees, securing sums (i) not overdue or (ii) being diligently contested in good faith in appropriate proceedings, provided, that, adequate cash reserves with respect thereto are maintained on the books of the Borrower in conformity with GAAP to Lender's satisfaction; (c) Liens in favor of the Lender; (d) Liens for Taxes (i) not yet due or (ii) being diligently contested in good faith by appropriate proceedings, provided, that, adequate cash reserves with respect thereto are maintained on the books of the Borrower in conformity with GAAP to Lender's satisfaction or the value of the assets in which the Lender has a Lien and (e) zoning restrictions, easements, licenses, or other restrictions on the use of real property or other minor irregularities in title thereto, as determined by Lender in its reasonable discretion and, as to those that arise after the date hereof, does not impair the use, value or marketability of such real estate and (f) liens listed on the attached Schedule V, but only to the extent that the obligations secured thereby are limited to those listed on that Schedule.

"Premises" means all premises where the Borrower conducts its business and has any rights of possession, including, without limitation, the premises described in Schedule I attached hereto.

"Receivables" means all accounts as such term is defined in the UCC, including, without limitation, each and every right to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property, out of a rendering of services, out of a loan, out of the overpayment of taxes or other liabilities, or otherwise arises under any contract or agreement, whether such right to payment is created, generated or earned by the Borrower or by some other Person who subsequently transfers such Person's interest to the Borrower, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all Liens) which the Borrower may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any property of such account debtor or other obligor; all including but not limited to all present and future accounts, contract rights, loans and obligations receivable, Chattel Paper, bonds, notes and other debt instruments, tax refunds and rights to payment in the nature of General Intangibles.

"Security Interest" shall have the meaning assigned to such term in Section 2.1 hereof.

"Subsidiary" of any entity means, at any date, any Person (a) the accounts of which would be consolidated with those of the applicable entity in such entity's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date; or (b) the securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests or more than 50% of the profits or losses of which are, as of such date, owned, controlled or held by the applicable entity or one or more Subsidiaries of such entity.

“Supporting Obligations” means all supporting obligations as such term is defined in the UCC.

“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 the Borrower or which the Borrower otherwise has the right to license, or granting to the Borrower any right to use any Trademark now or hereafter owned by any third party and all rights of the Borrower under any such agreement.

“Trademarks” means all of the following now owned or hereafter acquired by the Borrower: (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 registrations and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any State of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, including those listed on Schedule III attached hereto; (b) all goodwill associated therewith or symbolized thereby; and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

“UCC” means the Uniform Commercial Code as in effect from time to time in the state designated in Section 7.13 as the state whose laws govern this Agreement or in any other state whose laws are held to govern this Agreement or any portion hereof.

1.2. Other Terms.

(a) All capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) All terms defined in the UCC and not defined in this Agreement or the Credit Agreement shall have the meanings specified in the UCC.

(c) All accounting terms not otherwise defined in this Agreement or the Credit Agreement shall have the meanings assigned to them in accordance with GAAP.

(d) All reference to any note, instrument or agreement of any kind shall be deemed to apply to any permitted amendments restatements, extensions or other modifications.

1.3. Cross References.

(a) All references in this Agreement to articles, sections, subsections, exhibits and schedules, shall be to articles, sections, subsections, exhibits and schedules of this Agreement unless otherwise explicitly specified.

(b) All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

SECTION 2. SECURITY INTEREST.

2.1. Security Interest.

(a) To secure the prompt and complete payment and performance to the Lender of the Obligations, the Borrower hereby assigns, pledges and grants to the Lender a continuing security interest in and to, the Collateral, whether now owned or existing or hereafter acquired or arising and wheresoever located (the "Security Interest"). All of the Borrower's ledger sheets, files, records, books of account, business papers and documents relating to the Collateral shall, until delivered to or removed by the Lender, be kept by the Borrower in trust for the Lender until all Obligations have been indefeasibly paid in full.

(b) The Borrower hereby authorizes the Lender to file one or more financing statements (including fixture filings), amendments, filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by the Borrower, without the Borrower's signature appearing thereon. The Borrower agrees to furnish to the Lender promptly upon request any information necessary for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by the Borrower. The Borrower also ratifies its authorization for the Lender to file any initial financing statements or amendments thereto filed prior to the date hereof. If any Receivable becomes evidenced by a promissory note or any other instrument for the payment of money, the Borrower will immediately deliver such instrument to the Lender appropriately endorsed.

(c) The Borrower agrees that promptly after execution of this Agreement, it shall take at its sole cost and expense all steps reasonably necessary to perfect the Lender's Security Interest (subject only to Permitted Liens) in Collateral held for sale or transshipment in any jurisdiction outside of the United States.

SECTION 3. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Lender as follows:

3.1. Title and Liens. The Collateral: (a) is owned solely by the Borrower free and clear of all Liens except Permitted Liens; and (b) is not subject to any agreement prohibiting the granting of a Lien or requiring notice of or consent to the granting of a Lien. The Borrower does not hold any commercial tort claims.

3.2. Validity of Security Interest. The Security Interest constitutes: (a) a legal and valid Lien in all the Collateral; (b) subject to the filing of the financing statements described in Section 2.1(b), a perfected Lien in all Collateral in which a Lien may be perfected by the filing of a financing statement; (c) a perfected Lien in all Collateral in which a Lien may be perfected upon the receipt and recording of a security agreement with the United States Copyright Office, as applicable and (d) a perfected lien in all Deposit Accounts upon compliance with Section 4.10 of this Agreement.

SECTION 4. COVENANTS.

4.1. **Change of Name; Location of Collateral; Records; Place of Business.** The Borrower shall not make any change: (a) in its name; (b) in the location of its chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office facility at which Collateral owned by it is located (including the establishment of any such new office or facility) from the locations set forth on Schedule I attached hereto; (c) in its identity or type of organization or corporate structure; (d) in its Federal Taxpayer Identification Number or state-issued organizational identification number; or (e) in its jurisdiction of organization; unless in each such case, (i) the Borrower provides the Lender at least thirty (30) days prior written notice of such change, and (ii) all filings have been made under the UCC or otherwise that are required in order for the Lender to continue at all times following such change to have a valid, legal and perfected first priority Lien in all the Collateral subject to the exceptions set forth in Section 3.1, and (iii) such change is otherwise permitted under the Credit Agreement.

4.2. **Records.** The Borrower shall keep and maintain at its own cost and expense, satisfactory records of the Collateral including, without limitation, a record of any and all payments received and any and all credits granted with respect to the Collateral and all other dealings with the Collateral. Following the occurrence of an Event of Default, the Lender may at any time verify the Borrower's Receivables utilizing an accountant or any other agent of the Lender. The Lender or the Lender's designee may, following the occurrence of an Event of Default, notify Customers at any time, at the Lender's sole discretion, of the Lender's Lien in Receivables (contracts, instruments, or chattel paper, as the case may be), collect them directly from the Customers or parties to contracts, instruments and chattel paper and charge the collection costs and expenses to the Borrower's account; provided, however, unless and until the Lender does so or gives the Borrower other instructions, the Borrower shall collect all Receivables for the Lender, receive all payments thereon for the Lender's benefit in trust as the Lender's trustee and immediately deliver them to the Lender in their original form with all necessary endorsements or, as directed by the Lender, deposit such payments as directed by the Lender. The Borrower shall place notations upon the Borrower's books of account and any financial statement prepared by the Borrower to disclose the Lender's Lien in the Collateral and shall provide the Lender, as requested by the Lender, such schedules, documents and/or information regarding the Collateral as the Lender may require.

4.3. **Protection of Collateral and Security Interest.** The Borrower shall, at its own cost and expense, take any and all actions reasonably necessary to defend the Collateral against the claims and demands of all parties and to defend the Lien of the Lender in the Collateral and the priority thereof against any Lien other than any Permitted Lien.

4.4. **Further Assurances.**

(a) Any time and from time to time, upon the written request of the Lender and at the sole expense of the Borrower, the Borrower shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as the Lender may reasonably request to preserve, protect and perfect the Security Interest and the rights and remedies created hereby.

(b) Without limiting the generality of the foregoing, the Borrower hereby authorizes the Lender to supplement this Agreement by supplementing Schedule II, III or IV hereto or adding additional schedules hereto to specifically identify any asset or item that may constitute Copyrights, Patents or Trademarks and Schedule V specifically identifying any claim that may constitute a Commercial Tort Claim.

4.5. Inspection and Examination. At all times during normal business hours, upon notice (unless there has been an Event of Default) and in a manner not to unreasonably interfere with Borrower's business operations, the Lender shall have the right to: (a) visit and inspect the Borrower's properties and the Collateral; and (b) inspect, audit and make extracts from the Borrower's relevant books and records relating to the Collateral. The Borrower will execute and deliver to the Lender any instrument necessary for the Lender to obtain records from any service bureau maintaining records for the Borrower.

4.6. Liens. The Borrower shall not encumber, mortgage, pledge, assign or grant, or suffer to exist, any Lien in any Collateral or any of the Borrower's other assets to anyone other than the Lender, except for Permitted Liens.

4.7. Use and Disposition of Collateral. The Borrower shall: (a) not dispose of any of the Collateral whether by sale, lease or otherwise except for (i) the sale of Inventory in the ordinary course of business, and (ii) the disposition or transfer of obsolete and worn-out Equipment in the ordinary course of business as permitted under the Credit Agreement.; and (b) keep and maintain the Equipment in reasonably good operating condition, except for ordinary wear and tear, and shall make all necessary repairs and replacements thereof so that the value and operating efficiency shall at all times be maintained and preserved.

4.8. Risk of Loss; Insurance. The Borrower shall bear the full risk of loss from any loss of any nature whatsoever with respect to the Collateral. The Borrower shall keep the Collateral insured as follows:

(a) Casualty Insurance. Maintain extended coverage casualty insurance written in the name of the Borrower in the broadest "all risks" form available on a full replacement cost basis covering all Collateral. Such insurance shall be in amounts and with deductible amounts that are customary for companies in the same industry as the Borrower in the same geographic market as the Borrower, but in no event shall the deductible amount be greater than \$10,000 and coverage be less than the full insurable value of the covered Collateral.

(b) Liability Insurance. Maintain commercial general liability insurance in the name of the Lender, including a contractual liability endorsement and a completed operations and personal injury coverage, with a combined single limit for any one occurrence of at least [\$5,000,000].

(c) Policy Terms. All policies shall meet the following requirements:

(i) overall blanket or excess coverage policies may be supplied provided, however, that all insurance shall be in amounts sufficient to prevent any insured from being a co-insurer and that the amount of the casualty insurance coverage attributable to the Collateral is clearly set forth; and

(ii) all policies shall (A) name the Lender "and its successors and assigns as their interests may appear" as "additional insured" and "loss payee" on all casualty insurance and as "additional insured" as to all other insurance, (B) contain an endorsement stating that, as to the interest of the Lender, such policy "shall not be impaired, invalidated or affected by any statement, act or neglect of any insured, loss payee or other Person, or by any failure to make any report to the insurer, or by the institution of any proceeding to execute upon any lien", and (C) contain a provision stating that such policy "shall not be canceled or modified except after thirty (30) days prior written notice delivered to the Lender at its address for notices herein or as subsequently directed in writing by the Lender"; and

(iii) all policies shall be in a form reasonably acceptable to the Lender and shall be issued by financially sound insurers duly licensed and authorized to conduct that type of insurance business in each state where the Collateral is located; and

(iv) all policies of insurance and endorsements thereof, together with a paid receipt, shall be deposited with the Lender prior to the date hereof. At least thirty (30) days prior to the expiration of any such policies, the Borrower shall furnish paid receipts and other evidence satisfactory to the Lender that all such policies have been renewed or replaced; and

(v) all policies shall provide that the insurance proceeds and awards may be adjusted only after obtaining the prior written consent of the Lender and shall be paid directly to the Lender to the extent required in Section 4.8(d).

(d) Insurance Proceeds. The Lender shall have the exclusive authority to do each of the following in its absolute discretion:

(i) Receive directly all awards and proceeds;

(ii) Settle or compromise all claims relating to all awards and

proceeds; and

(iii) Determine whether to apply any awards and proceeds to reduce the Notes or any other Obligations;

provided, however, if insurance proceeds or awards do not exceed \$100,000 (exclusive of amounts attributable to inventory), then such proceeds or awards shall be payable directly to Borrower for use in restoration of the premises..

(e) Further Actions. The Lender shall have the authority on behalf of the Borrower to execute and deliver any such instruments, agreements and documents as may be necessary to effect the provisions of this Section 4.8. Any deficiency remaining in the amounts owing by the Borrower to the Lender after application of any awards and proceeds shall be paid by the Borrower to the Lender, on demand, and shall be deemed Obligations and additional principal under the Notes bearing interest at the rate specified therein until indefeasibly paid in full.

4.9. Covenants Regarding Patent, Trademark and Copyright Collateral.

(a) The Borrower (either itself or through its licensees or its sublicensees) will, for each Trademark, (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.

(b) The Borrower (either itself or through licensees) will, for each work covered by a Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws.

(c) The Borrower shall notify the Lender immediately if it knows or has reason to know that any Trademark or Copyright may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, United States Copyright Office or any court or similar office of any country) regarding the Borrower's ownership of any Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(d) The Borrower will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office (or any successor thereof) to maintain and pursue each application relating to the United States Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each United States registration of the Trademarks and Copyrights, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties.

(e) In the event that the Borrower has reason to believe that any Collateral consisting of a Trademark or Copyright has been or is about to be infringed, misappropriated, or diluted by a third party, the Borrower promptly shall notify the Lender and may promptly sue for infringement, misappropriation or dilution, and take such other actions as are appropriate in Borrower's sole discretion under the circumstances to protect such Collateral.

(f) Upon and during the continuance of an Event of Default, upon the request of the Lender, the Borrower shall obtain all requisite consents or approvals by the licensor of each Copyright License or Trademark License to effect the assignment of all the Borrower's right, title and interest thereunder to the Lender or its designee.

4.10. Other Actions. In order to further insure the attachment, perfection and priority of, and the ability of the Lender to enforce, the Lender's Security Interest in the Collateral, the Borrower agrees, in each case at the Borrower's own expense, to take the following actions with respect to the following Collateral:

(a) Deposit Accounts. For each Deposit Account that the Borrower at any time opens or maintains and that Lender has, in its sole discretion, determined should be included in the Collateral, the Borrower shall, at the Lender's request and option and at the Borrower's expense, pursuant to an agreement in form and substance satisfactory to the Lender, either: (i) cause the depository bank to agree to comply at any time with instructions from the Lender to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the Borrower; or (ii) arrange for the Lender to become the customer of the depository bank with respect to the deposit account, with the Borrower being permitted, only with the consent of the Lender, to exercise rights to withdraw funds from such deposit account. The Lender agrees with the Borrower that the Lender shall not give any such instructions or withhold any withdrawal rights from the Borrower, unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal would occur. The provisions of this Section 4.10(a) shall not apply to any deposit account for which the Borrower, the depository bank and the Lender have entered into a cash collateral agreement specially negotiated among the Borrower, the depository bank and the Lender for the specific purpose set forth therein.

(b) Investment Property. If the Borrower shall at any time hold or acquire any certificated securities, the Borrower shall forthwith endorse, assign and deliver the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify. If any securities now or hereafter acquired by the Borrower are uncertificated and are issued to the Borrower or its nominee directly by the issuer thereof, the Borrower shall immediately notify the Lender thereof and, at the Lender's request and option and at the Borrower's expense, pursuant to an agreement in form and substance satisfactory to the Lender, either: (i) cause the issuer to agree to comply with instructions from the Lender as to such securities, without further consent of the Borrower or such nominee; or (ii) arrange for the Lender to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other Investment Property now or hereafter acquired by the Borrower are held by the Borrower or its nominees through a securities intermediary or commodity intermediary, the Borrower shall immediately notify the Lender thereof and, at the Lender's request and option and at the Borrower's expense, pursuant to an agreement in form and substance satisfactory to the Lender, either: (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from the Lender to such securities intermediary as to such securities or other Investment Property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Lender to such commodity intermediary, in each case without further consent of the Borrower or such nominee; or (ii) in the case of financial assets or other Investment Property held through a securities intermediary, arrange for the Lender to become the entitlement holder with respect to such Investment Property, with the Borrower being permitted, only with the consent of the Lender, to exercise rights to withdraw or otherwise deal with such Investment Property. The Lender agrees with the Borrower that the Lender shall not give any such entitlement orders, 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 the Borrower, unless an Event of Default has occurred, or, after giving effect to any such investment and withdrawal rights would occur. The provisions of this Section 4.10(b) shall not apply to any financial assets credited to a securities account for which the Lender is the securities intermediary. Notwithstanding the above, the

Lender and Borrower agree that any pledge agreement that they might execute in connection with any obligations shall govern any Collateral covered thereby and, to the extent of a conflict between the terms of this Agreement and the terms of such pledge agreement, the terms of such pledge agreement shall control.

(c) Letter of Credit Rights. If the Borrower is at any time a beneficiary under a letter of credit (other than any letter of credit constituting a Supporting Obligation) now or hereafter issued in favor of the Borrower, the Borrower shall promptly notify the Lender thereof and, at the request and option of the Lender and at the Borrower's expense, the Borrower shall, pursuant to an agreement in form and substance satisfactory to the Lender, either (i) arrange for the issuer and any confirmer to such letter of credit to consent to an assignment to the Lender of the proceeds of any drawing under the letter of credit or (ii) arrange for the Lender to become the transferee beneficiary of the letter of credit, with the Lender agreeing, in each case, that the proceeds of any drawing under the letter of credit are to be applied to satisfy the Obligations.

(d) Commercial Tort Claims. If the Borrower shall at any time hold or acquire a Commercial Tort Claim, the Borrower shall immediately notify the Lender in a writing signed by the Borrower of the brief details thereof and grant to the Lender 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 substance satisfactory to the Lender, in the Lender's sole and absolute discretion. Lender is hereby irrevocably authorized to amend Schedule IV and file new, or amendments to, financing statements to describe any Commercial Tort Claim.

4.11. Information. The Borrower shall promptly inform the Lender in writing of: (a) the commencement of all proceedings and investigations by or before and/or the receipt of any notices from, any Governmental Authority or nongovernmental body and all actions and proceedings in any court or before any arbitrator against or in any way concerning any of the Collateral; (b) any Event of Default or Default; (c) any change in the location of the Borrower's executive offices; (d) any change in the location of the Borrower's Inventory or Equipment from the locations listed on Schedule I attached hereto, (e) any additional Copyrights, Trademarks or commercial tort claims not listed on Schedule II or III and (f) any additional Licenses, tradenames, corporate names or Borrower names not provided to the Lender.

SECTION 5. POWER OF ATTORNEY.

The Borrower hereby irrevocably appoints the Lender or any other Person whom the Lender may designate as the Borrower's attorney-in-fact, with full power and authority in place and stead of the Borrower and in the name of the Borrower or in its own name to continue any insurance existing pursuant to the terms of this Agreement and pay all or any part of the premium therefor and the cost thereof, and any such payment shall be added to the Obligations and bear interest at the rate then in effect under the Notes, and following the occurrence of an Event of Default, to (a) endorse the Borrower's name on any checks, notes, acceptances, money orders, drafts or other forms of payment or security that may come into the Lender's possession; (b) sign the Borrower's name on any invoice or bill of lading relating to any Receivables, drafts against customers, schedules and assignments of Receivables, notices of assignment, financing statements and other public records, verifications of account and notices to or from Customers;

(c) verify the validity, amount or any other matter relating to any Receivable by mail, telephone, telegraph or otherwise with Customers; (d) execute customs declarations and such other documents as may be required to clear Inventory through United States Customs; (e) do all things necessary to carry out this Agreement and all other Loan Documents; (f) amend Schedule V as provided in Section 4.10(d); and (g) on or after the occurrence of an Event of Default, notify the post office authorities to change the address for delivery of the Borrower's mail to an address designated by the Lender, and to receive, open and dispose of all mail addressed to the Borrower. The Borrower hereby ratifies and approves all acts of the said attorney. The powers conferred on the Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Neither the Lender nor the said attorney will be liable for any acts or omissions or for any error of judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable so long as any Receivable which is assigned to the Lender or in which the Lender has a Security Interest remains unpaid and until the Obligations have been fully satisfied.

SECTION 6. EVENTS OF DEFAULT; RIGHTS AND REMEDIES.

6.1. Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) the occurrence of a Default or Event of Default under this Agreement, the Credit Agreement or any other Transaction Document, or any breach, default or defined "default" or "event of default" under any other notes, agreements, guaranties, documents and instruments executed by Borrower and delivered to Lender from time to time; or

(b) the Security Interest for any reason ceases to be or is not a valid and perfected Lien having a first priority interest subject only to the exceptions set forth in Section 3.1.

6.2. Rights and Remedies. Upon the occurrence of any Event of Default, the Lender shall have the right to demand repayment in full of all Obligations, whether or not otherwise due (in such case the Lender may deposit any and all such amounts realized in a cash collateral deposit account to be maintained as security for the Obligations). Until all Obligations have been fully and indefeasibly satisfied, the Lender shall retain its Security Interest in all Collateral. The Lender shall have, in addition to all other rights provided herein, the rights and remedies of a secured party under the UCC, and under other applicable law, all other legal and equitable rights to which the Lender may be entitled, including, without limitation, the right to take immediate possession of the Collateral, to require the Borrower to assemble the Collateral, at the Borrower's expense, and to make it available to the Lender at a place designated by the Lender which is reasonably convenient to both parties and to enter any of the Premises of the Borrower or wherever the Collateral shall be located, with or without force or process of law, and to keep and store the same at any such premises until sold (and in the case of any of the Premises or any other property of the Borrower, the Borrower agrees not to charge the Lender for storage thereof). Further, the Lender may, at any time or times after the occurrence of an Event of Default, sell and deliver all Collateral held by or for the Lender in one or more parcels at public or private sale for cash, upon credit or otherwise, at such prices and upon such terms as the Lender, in the Lender's sole but commercially reasonable discretion, deems advisable or the

Lender may otherwise recover upon the Collateral in any commercially reasonable manner as the Lender, in its sole discretion, deems advisable. Except as to that part of the Collateral which is perishable or threatens to decline speedily in nature or is of a type customarily sold on a recognized market, the requirement of reasonable notice shall be met if such notice is mailed postage prepaid to the Borrower at the Borrower's address as shown in the Lender's records, at least ten (10) days before the time of the event of which notice is being given. The Lender may be the purchaser at any sale, if it is public. Until the Lender is able to effect a sale, lease, or other disposition of Collateral, the Lender shall have the right to use or operate Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Lender. The Lender shall have no obligation to the Borrower to maintain or preserve the rights of the Borrower as against third parties with respect to Collateral while Collateral is in the possession of the Lender. The Lender may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Lender's remedies with respect to such appointment without prior notice or hearing. In connection with the exercise of the foregoing remedies, the Lender is granted permission to use: (a) all of the Borrower's Intellectual Property which are used in connection with Inventory for the purpose of disposing of such Inventory; and (b) any Equipment for the purpose of completing the manufacture of unfinished goods and for the storage, handling, and sale of Inventory, and have access to the Premises for the same purpose. The proceeds of sale shall be applied first to all costs and expenses of sale, including attorneys' fees and expenses, and second to the payment (in whatever order the Lender elects) of all Obligations. The Lender will return any excess to the Borrower and the Borrower shall remain liable to the Lender for any deficiency.

6.3. Grant of License to Use Intellectual Property. For the purpose of enabling the Lender to exercise rights and remedies under this Section 6.3, at such time as the Lender shall be lawfully entitled to exercise such rights and remedies, the Borrower hereby grants to the Lender an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Borrower) to use, license or sublicense any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by the Borrower, 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 Lender shall be exercised, at the option of the Lender, upon the occurrence and during the continuation of an Event of Default; provided that any license, sublicense or other transaction entered into by the Lender in accordance herewith shall be binding upon the Borrower notwithstanding any subsequent cure of an Event of Default.

SECTION 7. MISCELLANEOUS.

7.1. No Waiver; Cumulative Remedies. No failure or delay by the Lender in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy under this Agreement. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law.

7.2. Waivers. The Borrower waives presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Borrower might otherwise be entitled.

7.3. Security Interest Absolute. All rights of the Lender hereunder, the Security Interest and all the Obligations shall be absolute and unconditional irrespective of: (a) any lack of validity or enforceability of the Credit Agreement, any other Transaction 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 Transaction Document or any other agreement or instrument; (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, the Borrower in respect of the Obligations, this Agreement, the Credit Agreement or any other Transaction Document.

7.4. Amendments, Etc. No amendment, modification, termination or waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom or any release of a Lien shall be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

7.5. Notices. Except as otherwise expressly provided herein, any notice or request hereunder shall be given in accordance with the terms of the Credit Agreement.

7.6. Collateral. This Agreement does not contemplate a sale of accounts, contract rights or chattel paper, and, as provided by law, the Borrower is entitled to any surplus and shall remain liable for any deficiency. The Lender's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if it exercises reasonable care in physically keeping such Collateral, or in the case of Collateral in the custody or possession of a bailee or other third Person, exercises reasonable care in the selection of the bailee or other third Person, and the Lender need not otherwise preserve, protect, insure or care for any Collateral. The Lender shall not be obligated to preserve any rights the Borrower may have against prior parties, to realize on the Collateral at all or in any particular manner or order or to apply any cash proceeds of the Collateral in any particular order of application.

7.7. Costs and Expenses; Indemnification.

(a) The Borrower shall pay all of the Lender's reasonable out-of-pocket costs and expenses including, without limitation, reasonable fees and disbursements of counsel and appraisers, in connection with the preparation, execution and delivery of this Agreement and in connection with the prosecution or defense of any action, contest, dispute, suit or proceeding concerning any matter in any way arising out of, related to or connected with this Agreement. The Borrower shall also pay all of the Lender's out-of-pocket costs and expenses, including, without limitation, fees and disbursements of counsel, in connection with: (i) the

preparation, execution and delivery of any waiver, amendment or consent proposed or executed in connection with the transactions contemplated by this Agreement, whether or not it becomes effective; (ii) the Lender's obtaining performance of the Borrower's obligations under this Agreement, including, but not limited to, the enforcement or defense of the Security Interest, assignments of rights and Liens hereunder as valid perfected security interests; (iii) any attempt to inspect, verify, protect, collect, sell, liquidate or otherwise dispose of any Collateral; and (iv) any consultations in connection with any of the foregoing.

(b) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Loan Documents. The provisions of this Section 7.7 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Transaction 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 Transaction Document, or any investigation made by or on behalf of the Lender. All amounts due under this Section 7.7 shall be payable on written demand therefor.

7.8. Counterparts; Faxes. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile, which shall be deemed an original.

7.9. Binding Effect; Assignment; Complete Agreement. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void). Upon a transfer by the Lender, the Lender shall be released from all responsibility for the Collateral to the extent same is assigned to any transferee.

7.10. Severability of Provisions. Any provision of this Agreement which is prohibited or found unenforceable by a court of competent jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

7.11. Term. The Security Interest granted to the Lender hereunder shall continue in full force and effect until expressly terminated in writing by both parties hereto. It is agreed and understood from time to time there may be no Obligations owing, but that fact shall not terminate the liens, rights, and security interests granted to the Lender hereunder.

7.12. Titles and Subtitles; Cross-References. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to Articles, Sections, subsections, Exhibits and Schedules, shall be to Articles, Sections, subsections, Exhibits and Schedules of this Agreement unless otherwise explicitly specified. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

7.13. Governing Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York, without reference to the choice of law principles thereof. Any legal action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby or shall only be instituted, heard and adjudicated (excluding appeals) in a state or federal court located in the Southern District of New York, and each party hereto knowingly, voluntarily and intentionally waives any objection which such party may now or hereafter have to the laying of the venue of any such action, suit or proceeding, and irrevocably submits to the exclusive personal jurisdiction of any such court in any such action, suit or proceeding. Service of process in connection with any such action, suit or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Notwithstanding the foregoing, the Lender may institute and prosecute any action, suit or proceeding in any court of competent jurisdiction it shall deem advisable in connection with the enforcement of its rights against the Collateral.

7.14. No Jury Trial. Each party acknowledges and agrees that any controversy that may arise under this Agreement is likely to involve complicated and difficult issues. **ACCORDINGLY, EACH SUCH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.** Each party certifies and acknowledges that (i) no other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver, (ii) each such party understands and has considered the implications of this waiver, and (iii) each such party has been induced to enter into this Agreement by, among other things, the waivers and certifications in this Section 7.14.

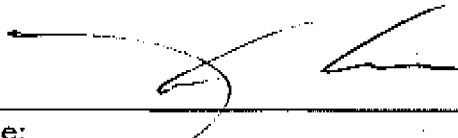
7.15. Recapture. Anything in this Agreement to the contrary notwithstanding, if the Lender receives any payment or payments on account of the Obligations, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver, or any other party under the United States Bankruptcy Code, as amended, or any other federal or state bankruptcy, reorganization, moratorium or insolvency law relating to or affecting the enforcement of creditors' rights generally, common law or equitable doctrine, then to the extent of any sum not finally retained by the Lender, the Borrower's obligations to the Lender shall be reinstated and this Agreement shall remain in full force and effect (or be reinstated) until payment shall have been indefeasibly made to the Lender, which payment shall be due on demand.

7.16. Construction. The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits hereto. For the avoidance of doubt, any rights, benefits or obligations specified in this Agreement shall be in addition to and not lieu or limitation of any rights, benefits or obligations specified in the Credit Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year
at above written.

BORROWER:

BOGOPA SERVICE CORP.

By: 
Name: _____
Title: _____

LENDER:

GENERAL TRADING CO., INC.

By: 
Name: Jonathan Abad
Title: Vice President

New Jersey
 STATE OF ~~NEW YORK~~)
Essex) ss.:
 COUNTY OF ~~NEW YORK~~)

On the 1st day of August, 2003 before me, the undersigned, personally appeared Francis Am, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

Clair J. Palumbo

 Notary Public

New Jersey
 STATE OF ~~NEW YORK~~)
Essex) ss.:
 COUNTY OF ~~NEW YORK~~)

CLAIR J. PALUMBO
 A Notary Public of New Jersey
 My Commission Expires June 20, 2006

On the 1st day of August, 2003 before me, the undersigned, personally appeared JONATHAN ABAD, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

Clair J. Palumbo

 Notary Public

CLAIR J. PALUMBO
 A Notary Public of New Jersey
 My Commission Expires June 20, 2006

SCHEDULE I

Collateral Locations

Chief Executive Office/Principal Place of Business

650 Fountain Avenue, Brooklyn, New York 11708

SCHEDULE II

Copyrights

SCHEDULE III

Trademarks

1. FOOD DIMENSIONS - Registration No. 2,604,264
2. FOOD BAZAAR - Registration No. 2,544,807
3. BOGOPA - Registration No. 2,674,059

SCHEDULE IV

Commercial Tort Claims

SCHEDULE V

Permitted Liens

VI-1

RECORDED: 08/05/2003

TRADEMARK
REEL: 002695 FRAME: 0462