

05-28-2003

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

REC



102458561

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

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): Broadway Video Entertainment, Inc. 5-23-03
Individual(s) Association
General Partnership Limited Partnership
Corporation-State
Other

2. Name and address of receiving party(ies)
Name: Citibank, N.A.
Internal Address:
Street Address: 153 East 53rd Street
City: New York State: NY Zip: 10022
Individual(s) citizenship
Association Banking
General Partnership
Limited Partnership
Corporation-State
Other

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

3. Nature of conveyance:
Assignment Merger
Security Agreement Change of Name
Other

Execution Date: 12/31/02

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) 76/290823
76/290824 76/290652

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

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

Internal Address: Luskin, Stern & Eisler LLP

Street Address: 330 Madison Avenue
34th Floor

City: New York State: NY Zip: 10017

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:

OFFICE OF THE COMMISSIONER OF PATENTS AND TRADEMARKS
RECORDS SECTION
2003 MAY 23 PM 12:39

05/27/2003 08:52:22 00000138 76290823

DO NOT USE THIS SPACE

01 FC:8521 40.00 09
02 FC:8522 50.00 09

Nathan M. Eisler
Name of Person Signing

Nathan M. Eisler
Signature

5/22/03
Date

Total number of pages including cover sheet, attachments, and document: 21

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

TRADEMARK
REEL: 002740 FRAME: 0522

INTELLECTUAL PROPERTY SECURITY AGREEMENT

INTELLECTUAL PROPERTY SECURITY AGREEMENT dated as of December 31, 2002 (this "Agreement") by BROADWAY VIDEO ENTERTAINMENT, INC., a New York corporation, and BROADWAY VIDEO, INC., a Delaware corporation (each a "Pledgor" and collectively the "Pledgors"), in favor of CITIBANK, N.A., a national banking association (the "Lender").

WITNESSETH:

WHEREAS, Broadway Video Holdings LLC ("Holdings") and the Lender are entering into a Credit Agreement dated as of even date herewith (as amended, supplemented or otherwise modified from time to time, the "2002 Credit Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the 2002 Credit Agreement), under which the Lender has agreed to make loans and other extensions of credit to Holdings, subject to the terms and conditions set forth in the 2002 Credit Agreement;

WHEREAS, Broadway Video, Inc. ("BVI") and the Lender are parties to the Credit Agreement dated as of April 30, 2001 (as amended, supplemented or otherwise modified from time to time, the "2001 Credit Agreement", and together with the 2002 Credit Agreement, the "Credit Agreements");

WHEREAS, BVI is entering into a Guaranty dated as of even date herewith (as amended, supplemented or otherwise modified from time to time, the "BVI Guaranty") in favor of the Lender, pursuant to which BVI is guaranteeing repayment in full of all of the Obligations under and as defined in the 2002 Credit Agreement;

WHEREAS, Broadway Video Entertainment, Inc. ("BVE"), Sidestreet Entertainment, Inc., Broadway Video Distribution, LLC and Lone Ranger Music, Inc. are entering into an Amended and Restated Guaranty dated as of even date herewith (as amended, supplemented or otherwise modified from time to time, the "BVE Guaranty") in favor of the Lender, pursuant to which BVE, Sidestreet Entertainment, Inc., Broadway Video Distribution, LLC and Lone Ranger Music, Inc. are jointly and severally guaranteeing repayment in full of all of the Obligations under and as defined in each of the Credit Agreements;

WHEREAS, Holdings is entering a Guaranty dated as of even date herewith (as amended, supplemented or otherwise modified from time to time, the "Holdings Guaranty") in favor of the Lender, pursuant to which Holdings is guaranteeing repayment in full of all of the Obligations under and as defined in the 2001 Credit Agreement;

WHEREAS, BVI and the Lender are entering into the Fourth Amendment to the 2001 Credit Agreement dated as of even date herewith (the "Fourth Amendment"), pursuant to which the Lender has agreed, among other things, to extend the maturity date of the Revolving Loans (as defined in the 2001 Credit Agreement) on the terms and conditions set forth in the Fourth Amendment; and

WHEREAS, it is a condition precedent to the obligations of the Lender to enter into the 2002 Credit Agreement and the Fourth Amendment that the Pledgors shall have (i) granted to the Lender a security interest in the Collateral (as defined herein) and (ii) executed and delivered this Agreement to secure the payment and performance by each of the Pledgors of the Obligations (as used herein, "Obligations" means Obligations under and as defined in both Credit Agreements) and of all of the obligations under the BVI Guaranty, the BVE Guaranty and the Holdings Guaranty (collectively, the "Guaranty Obligations").

NOW, THEREFORE, in consideration of the promises contained herein, under the Credit Agreements and under the BVI Guaranty, the BVE Guaranty and the Holdings Guaranty, each Pledgor hereby agrees as follows:

SECTION 1. Security for Obligations.

(a) Security Interest in Patents. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations (as used herein, "Obligations" shall mean all Obligations under and as defined in the Credit Agreements) and all of the Guaranty Obligations, each Pledgor hereby grants and conveys to the Lender a valid security interest in all of its right, title and interest in the United States and throughout the world in, to and under all of the now owned and hereafter acquired United States and foreign patents and all patent and design patent applications, and all issues, reissues, re-examinations, continuations, continuations-in-part or divisions thereof, and all proceeds thereof (hereinafter collectively referred to as the "Patents"). All unexpired patents and all currently pending patent applications in which such Pledgor has an ownership interest are listed on Schedule A attached hereto and made a part hereof. Each Pledgor hereby further grants, assigns and conveys to the Lender a valid security interest, having priority over all other security interests in all of the right, title and interest of such Pledgor in and to all proceeds, income, royalties, damages and payments now or hereafter due and payable under or in respect of all Patents and in and to all rights during the term of this Agreement to sue, collect and retain damages and payments for past or future infringements of the Patents.

(b) Security Interest in Trademarks. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations and all of the Guaranty Obligations, each Pledgor hereby grants and conveys to the Lender a valid security interest in all of its right, title and interest in the United States and throughout the world in, to and under all of its now owned and hereafter acquired trademarks, service marks and trade names, and all similar designations of source or origin (whether or not such name is the subject of a registration or an application therefor), and all registrations and applications to register the same, and all renewals thereof, and the goodwill of the business relating thereto, and all proceeds thereof (hereinafter collectively referred to as the "Trademarks"). All trademark registrations and all currently pending trademark applications in which such Pledgor has an ownership interest and all foreign trademark registrations and all currently pending trademark applications in which such Pledgor has an ownership interest, are listed on Schedule B attached hereto and made a part hereof. Each Pledgor hereby further grants and conveys to the Lender a valid security interest in all of its right, title and interest in and to (i) all proceeds, income, royalties, damages and payments now and hereafter due and payable under or in respect of all Trademarks, (ii) all rights during the term of this Agreement to sue, collect

and retain for the Lender's benefit damages and payments for past or future infringements of the Trademarks and (iii) all rights under or ownership interest in any trademark license agreements or service mark license agreements with any other party, whether such Pledgor is a licensee or licensor under any such license agreement, except such license agreements for which consent is required from a third party to grant such security interest and which has not been obtained, copies of which license agreements will be furnished by such Pledgor to the Lender upon the Lender's reasonable request.

(c) Security Interest in Copyrights. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations and all of the Guaranty Obligations, each Pledgor hereby grants and conveys to the Lender a valid security interest in all of its right, title and interest in the United States and throughout the world in, to and under all of its now owned and hereafter acquired copyrights, and all registrations and applications to register the same, all renewals thereof, any written agreement, naming such Pledgor as licensor or licensee, granting any right under any copyright, any work which is or may be subject to copyright protection pursuant to Title 17 of the U.S. Code, and all physical things embodying such works (including, without limitation, copies thereof) created or otherwise used in the business of such Pledgor, and all proceeds thereof (hereinafter collectively referred to as the "Copyrights"). All copyright registrations and all currently pending copyright applications in which such Pledgor has an ownership interest are listed on Schedule C attached hereto and made a part hereof. Each Pledgor hereby further grants to the Lender a valid security interest in all of its right, title and interest in and to all proceeds, income, royalties, damages and payments now and hereafter due and payable under or in respect of all Copyrights and in and to all rights during the term of this Agreement to sue, collect and retain for the Lender's benefit damages and payments for past or future infringements of the Copyrights.

(d) Security Interest in Proprietary Information. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations and all of the Guaranty Obligations, each Pledgor hereby grants to the Lender a valid security interest in all of its right, title and interest in the United States and throughout the world in, to and under all of its now owned and hereafter acquired inventions, discoveries, trade secrets, improvements, processes, methods, formulae, applications, ideas, know-how, customer lists, corporate and other business records, license rights, advertising materials, operating manuals, sales literature, drawings, specifications, descriptions, name plates, catalogues, dealer contracts, supplier contracts, distributor agreements, confidential information, consulting agreements, engineering contracts, proprietary information, and goodwill (and all other assets which uniquely reflect such goodwill), and to all income, royalties, damages and payments now and hereafter due or payable therefor or in respect thereof and all proceeds thereof (collectively, the "Proprietary Information" and, together with the Patents, the Trademarks, the Copyrights and all other assets described above, the "Intellectual Property Collateral").

(e) Certain Exclusions from Grant of Security Interests. Anything in this Agreement to the contrary notwithstanding, the foregoing grant, assignment, transfer, and conveyance of security interests shall not extend to, and the term "Copyrights" shall not include, any item of Copyrights described in Section 1(c) above that is now or hereafter held by either Pledgor as licensee or otherwise, solely in the event and to the extent that (i) as the proximate

result of the foregoing grant, assignment, transfer, or conveyance of security interests, such Pledgor's rights in or with respect to such item of Copyrights would be forfeited or would become void, voidable, terminable, or revocable, or if such Pledgor would be deemed to have breached, violated, or defaulted under the underlying license or other agreement that governs such item of Copyrights pursuant to the restrictions in the underlying license or other agreement that governs such item of Copyrights, (ii) any such restriction shall be effective and enforceable under applicable law, including Section 9-406(d) of the Code, and (iii) any such forfeiture, voidness, voidability, terminability, revocability, breach, violation, or default cannot be remedied or prevented by such Pledgor using its reasonable efforts (but without any obligation to make any material expenditures of money or to commence legal proceedings); provided, however, that the foregoing grant, assignment, transfer, and conveyance of security interests shall extend to, and the term "Copyrights" shall include, (y) any and all proceeds of such item of Copyrights and (z) upon any such licensor or other applicable party's consent with respect to any such otherwise excluded item of Copyrights being obtained, thereafter such item of Copyrights as well as any proceeds thereof that might theretofore have been excluded from such grant, assignment, transfer, and conveyance of security interests.

SECTION 2. Representations, Warranties and Covenants of the Pledgors.

Each Pledgor represents, warrants and covenants to the Lender that:

(a) Each Pledgor is and will continue to be the owner of all of the Intellectual Property Collateral owned or purported to be owned by it, free from any adverse claim, security interest, lien or encumbrance in favor of any Person except for the security interest granted under the Credit Documents.

(b) None of the Intellectual Property Collateral is or shall become subject to any lien, security interest or other encumbrance in favor of any Person other than the Lender, and each Pledgor agrees not to license, transfer, convey or encumber any interest in or to its Intellectual Property Collateral. Notwithstanding the foregoing, each Pledgor shall be permitted to license (on a non-exclusive basis) any of its Trademarks in the ordinary course of business to (i) third parties for the sole purpose of manufacturing, marketing, advertising, distributing or selling goods or (ii) third parties that do not manufacture, market, advertise, distribute, or sell goods in the United States or to others for sale in the United States. Any license of the Intellectual Property Collateral granted after the Closing Date by such Pledgor (each, a "License") shall be in writing and shall not prohibit such Pledgor from assigning, transferring, selling, sublicensing or otherwise disposing of all or any of its right, title and interest thereunder to the Lender or its designees in accordance with Section 4 hereof.

(c) No Pledgor has made any previous assignment, transfer or agreement in conflict herewith or constituting a present or future assignment, transfer, or encumbrance of any of its Intellectual Property Collateral.

(d) There is no financing statement or other document or instrument now signed or on file in any public office granting a security interest in or otherwise encumbering any part of the Intellectual Property Collateral, except those showing the Lender as secured party. So long as any Obligations or Guaranty Obligations remain outstanding, no Pledgor will execute, and there will not be on file in any public office, any such financing statement or other document

or instrument, except financing statements filed or to be filed in favor of the Lender and except for the grant of any license permitted hereunder.

(e) Subject to any limitation stated therein or in connection therewith, all information furnished to the Lender concerning the Intellectual Property Collateral and proceeds thereof is and will be accurate and correct in all material respects.

(f) All Intellectual Property Collateral consisting of applications for Patents and for registrations of Trademarks and Copyrights has been duly and properly filed and all Intellectual Property Collateral consisting of issued or granted Patents and of registrations of Trademarks and Copyrights (including, without limitation, any and all renewals, reissues, continuations or divisions thereof, as the case may be) has been and will be duly and properly maintained, except as indicated on the Schedules A and B hereto.

(g) Promptly upon the receipt by either Pledgor of an official filing receipt indicating that a patent application or an application for registration of a trademark has been received from such Pledgor by the U.S. Patent and Trademark Office (the "PTO") or an application for registration of a copyright has been received from such Pledgor by the U.S. Copyright Office and upon the issuance of any patent or of any trademark or copyright registration, such Pledgor shall take all actions and execute and deliver to the Lender all documents necessary or appropriate to perfect a first priority security interest in such patent, trademark or copyright application or such patent or trademark or copyright registration, and such Pledgor shall quarterly, or more frequently as the Lender shall reasonably request, cause instruments sufficient to perfect, protect or establish the first priority lien or security interest granted hereunder to be recorded in the PTO with respect to all United States patent applications filed by it or patents issued to or acquired by it during the prior calendar quarter or preceding period, as the case may be, and with respect to all trademark applications filed by it or trademark registrations issued to or acquired by it during the prior calendar quarter, and such Pledgor shall quarterly, or more frequently as the Lender shall reasonably request, cause instruments sufficient to perfect, protect or establish the first priority lien or security interest granted hereunder to be recorded in the U.S. Copyright Office with respect to United States copyright applications filed by it or copyright registrations issued to or acquired by it during the prior calendar quarter or preceding period, as the case may be. Each Pledgor authorizes the Lender to take all actions necessary or appropriate to perfect a security interest in such future Patents, Trademarks or Copyrights including, without limitation, unilaterally amending Schedule A, B or C to include such future Patents, Trademarks or Copyrights. Each Pledgor shall, at the Lender's request, execute and deliver to the Lender any documentation as may be required to perfect such security interest in such future Patents, Trademarks or Copyrights.

(h) Neither Pledgor shall take any action, or permit any action to be taken by others subject to such Pledgor's control, including any licensees, or fail to take any action, or permit others subject to such Pledgor's control, including any licensees, to fail to take any action which would, in the case of any such actions or failures to act taken singly or together, adversely affect the validity, grant or enforceability of the security interest granted to the Lender herein.

(i) Each Pledgor shall promptly notify the Lender, in writing, of any suit, action, proceeding, claim or counterclaim brought against such Pledgor that could reasonably be

expected to affect adversely the Intellectual Property Collateral, and shall, on request, deliver to the Lender copies of all pleadings, papers, orders or decrees theretofore and thereafter filed in any such suit, action or proceeding, and shall keep the Lender duly advised in writing of the progress thereof.

(j) In the event of any material infringement of the Intellectual Property Collateral by others or in the event of any other conduct materially detrimental to the Intellectual Property Collateral by others known or brought to the attention of either Pledgor, such Pledgor shall as promptly as practicable notify the Lender of such infringement or other conduct and the full nature and extent of such infringement or other conduct known to such Pledgor and shall take such actions as the Lender deems appropriate under the circumstances to protect such Intellectual Property including, without limitation, suing for damages or an injunction against such infringement or other conduct.

(k) If requested by the Lender, each Pledgor shall provide the Lender with a complete report with respect to its Intellectual Property Collateral and all licenses thereof granted by such Pledgor. Upon request by the Lender, each Pledgor shall deliver to counsel for the Lender copies of any such Intellectual Property Collateral and other documents concerned with or related to the prosecution, protection, maintenance, enforcement and issuance of the Intellectual Property Collateral.

(l) Each Pledgor shall notify the Lender at least thirty days prior to any proposed voluntary abandonment of any of the Intellectual Property Collateral and obtain the prior written consent of the Lender thereto.

(m) During the term of this Agreement, each Pledgor agrees:

(i) whenever any of the registered Trademarks is used by or on behalf of such Pledgor, to affix or cause to be affixed a notice that the mark is a registered trademark or service mark, which notice shall be in a form accepted or required by the trademark marking laws of each country in which the mark is so used and registered; and

(ii) whenever any of the underlying works covered by registered Copyrights is published or distributed by or on behalf of such Pledgor to affix or cause to be affixed a notice that such underlying works are so covered, which notice shall be in a form accepted or required by the copyright laws of such country in which such underlying works are so used and registered.

(n) Subject to the provisions of Section 4(f), all income, royalties, payments and damages due and payable to each Pledgor under or in respect of the Intellectual Property Collateral shall be paid to such Pledgor.

(o) Each Pledgor agrees, upon the request by the Lender, during the term of this Agreement:

(i) to execute, acknowledge and deliver all additional instruments and documents necessary to effect the purposes and intents of this Agreement, in a form acceptable to counsel for the Lender;

(ii) to do all such other acts as may be necessary or appropriate to carry out the purposes and intents of this Agreement, and to create, evidence, perfect and continue the security interests of the Lender in such Pledgor's Intellectual Property Collateral; and

(iii) without limiting the generality of the foregoing, each Pledgor:

(A) authorizes the Lender, in its sole discretion, to modify this Agreement without first obtaining such Pledgor's approval of or signature to such modification by amending Schedule A, B or C hereto to include a reference to any right, title or interest in any existing Copyright, Patent or Trademark acquired or developed by such Pledgor after the execution hereof, or to delete any reference to any right, title or interest in any Copyright, Patent or Trademark in which such Pledgor no longer has or claims any right, title or interest; and

(B) hereby authorizes the Lender, in its sole discretion, to file one or more financing or continuation statements or other notices of security interest, and amendments thereto, relative to all or any portion of the Intellectual Property Collateral.

(p) Each Pledgor represents and warrants to the Lender that:

(i) the security interest granted by it to the Lender hereunder in United States patents and patent applications (the "U.S. Patents") and in the United States trademark registrations and applications (the "U.S. Trademarks") owned by it, upon the filing of appropriate filings with the PTO and appropriate financing statements under the Code, shall constitute a first priority, perfected security interest in such U.S. Patents and the U.S. Trademarks; provided, however, that recordation, filing or registration of such security interest may be required to perfect such security interest in U.S. Patents and U.S. Trademarks acquired by such Pledgor after the date hereof;

(ii) the security interest granted by it to the Lender hereunder in the registered Copyrights and Copyright applications (the "U.S. Copyrights") owned by it, upon the filing of appropriate filings with the United States Copyright Office and appropriate financing statements under the Code, shall constitute a first priority, perfected security interest in such U.S. Copyrights; provided, however, that recordation, filing or registration of such security interest may be required to perfect such security interest in U.S. Copyrights acquired by such Pledgor after the date hereof; and

(iii) the security interest granted to the Lender by it hereunder in the Proprietary Information located in the United States owned by it, upon the filing

of any appropriate filings with the PTO or United States Copyright Office and appropriate financing statements under the Code, shall constitute a first priority, perfected security interest in such Proprietary Information, to the extent that a first priority security interest can be created through such filings; provided, however, that recordation, filing or registration of such security interest may be required to perfect such security interest in Proprietary Information acquired by such Pledgor after the date hereof.

SECTION 3. Indemnity. The Pledgors agree, jointly and severally, to indemnify the Lender from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement and any actions taken pursuant to Section 4 or any failure to act thereunder), except for claims, losses or liabilities resulting from the gross negligence or willful misconduct of the Lender.

SECTION 4. Rights and Remedies Upon an Event of Default.

(a) If any Event of Default (as used herein, "Event of Default" shall mean any Event of Default under and as defined in either of the Credit Agreements) shall have occurred and be continuing, then and in every such case, the Lender, in addition to other rights and remedies provided for herein and any rights now or hereafter existing under applicable law, shall have all rights and remedies as a secured creditor under the Code in all relevant jurisdictions and may:

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

(ii) sell, assign or otherwise liquidate, or direct each Pledgor to sell, assign or otherwise liquidate, any or all of the Intellectual Property Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment or liquidation.

(b) Any collateral repossessed by the Lender under or pursuant to Section 4(a) and any other Intellectual Property Collateral, whether or not so repossessed by the Lender, may be sold, assigned, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Lender may determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than ten days' written notice to the Pledgors. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than ten days' written notice to the Pledgors specifying the time and place of such sale and, in the absence of applicable Requirements of Law to the contrary, shall be by public auction (which may, at the option of the

Lender, be subject to reserve), after publication of notice of such auction not less than ten days prior thereto in two newspapers in general circulation in the jurisdiction in which such auction is to be held. To the extent permitted by any such Requirement of Law, the Lender may bid for and become the purchaser of the Intellectual Property Collateral or any item thereof offered for sale in accordance with this Section without accountability to the Pledgors (except to the extent of surplus money received). If the Lender shall be required to make disposition of the Intellectual Property Collateral within a period of time which does not permit the giving of notice to each Pledgor as hereinabove specified, the Lender need give the Pledgors only such notice of disposition as shall be reasonably practicable. The Lender shall not be obligated to make any sale of Intellectual Property Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) The Lender shall have the right at any time to make any payments and do any other acts the Lender may deem necessary to protect its security interests in the Intellectual Property Collateral, including, without limitation, the rights to pay, purchase, contest or compromise any Lien which appears to be prior to or superior to the security interests granted hereunder, and appear in and defend any action or proceeding purporting to affect its security interests in, or the value of, the Intellectual Property Collateral. The Pledgors hereby agree, jointly and severally, to reimburse the Lender for all payments made and expenses incurred under this Agreement including reasonable fees, expenses and disbursements of attorneys and paralegals acting for the Lender, including any of the foregoing payments under, or acts taken to protect its security interests in, the Intellectual Property Collateral, which amounts shall be secured under this Agreement, and each Pledgor agrees that it shall be bound by any payment made or act taken by the Lender hereunder absent the Lender's gross negligence or willful misconduct. The Lender shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts.

(d) Each Pledgor hereby irrevocably authorizes and appoints the Lender, or any Person or agent the Lender may designate, as such Pledgor's attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor or otherwise, at such Pledgor's cost and expense, in the Lender's discretion, to, upon the occurrence and during the continuance of an Event of Default, take any action and to execute any instrument that the Lender may deem necessary or advisable to accomplish the purposes and intents of this Agreement and to exercise all of the following powers, which powers, being coupled with an interest, shall be irrevocable until all of the Obligations and all of the Guaranty Obligations shall have been indefeasibly paid and satisfied in full:

(i) ask for, demand, collect, bring suit, recover, compromise, administer, accelerate or extend the time of payment, issue credits, compromise, receive and give acquittance and receipts for or with respect to moneys due and to become due under or in respect of any of the Intellectual Property Collateral;

(ii) receive, take, endorse, negotiate, sign, assign and deliver and collect any checks, notes, drafts or other instruments, documents and chattel paper in connection with clause (i) above;

(iii) receive, open and dispose of all mail addressed to such Pledgor and notify postal authorities to change the address for delivery thereof to such address as the Lender may designate;

(iv) give customers indebted on the Intellectual Property Collateral of such Pledgor notice of the Lender's interest therein, instruct such customers to make payment directly to the Lender for such Pledgor's account or request, at any time from customers indebted on the Intellectual Property Collateral, verification of information concerning the Intellectual Property Collateral and the amounts owing thereon;

(v) convey any item of Intellectual Property Collateral to any purchaser thereof;

(vi) record any instruments under Section 2(g);

(vii) make any payments or take any acts under Section 4(c); and

(viii) file any claims or take any action or institute any proceedings that the Lender may deem necessary or desirable for the collection of any of the Intellectual Property Collateral or otherwise to enforce the rights of the Lender with respect to any of the Intellectual Property Collateral.

The Lender's authority under this Section shall include, without limitation, the authority to execute and give receipt for any certificate of ownership or any document, transfer title to any item of Intellectual Property Collateral, sign each Pledgor's name on any documents deemed necessary or appropriate to preserve, protect or perfect the security interest in the Intellectual Property Collateral and to file the same, prepare, file and sign each Pledgor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with any Intellectual Property Collateral of each Pledgor and prepare, file and sign each Pledgor's name on a proof of claim in bankruptcy or similar document against any customer of such Pledgor, and to take any other actions arising from or incident to the rights, powers and remedies granted to the Lender in this Agreement. This power of attorney is coupled with an interest and is irrevocable.

(e) All cash proceeds ("Proceeds") received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Intellectual Property Collateral shall be applied by the Lender against the Obligations and the Guaranty Obligations in such order as the Lender may determine. After payment in full of the Obligations and the Guaranty Obligations, termination of the obligation of the Lender to make Loans to, and to provide for the issuance of Letters of Credit for the account of, Holdings or BVI, and the termination, proper collateralization or expiration of all Letters of Credit, all excess Proceeds received by the Lender shall be remitted to the applicable Pledgor.

(f) Upon the occurrence and during the continuance of an Event of Default, all income, royalties, payments and damages under or in respect of the Intellectual Property Collateral of each Pledgor, if any, received thereafter by such Pledgor shall be held by such Pledgor in trust for the benefit of the Lender, separate from such Pledgor's own property or

funds and immediately turned over to the Lender with proper assignments or endorsements. Upon the occurrence and during the continuance of an Event of Default, the Lender shall have the right to notify payors of income, royalties, payments and damages under or in respect of the Intellectual Property Collateral to make payment directly to the Lender.

(g) Each and every right, power and remedy hereby specifically given to the Lender shall be in addition to every other right, power and remedy specifically given under this Agreement or under the other Credit Documents or now or hereafter existing at law or in equity, or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Lender. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other right, power or remedy. No delay or omission of the Lender in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations or the Guaranty Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or any acquiescence therein.

SECTION 5. Miscellaneous Provisions.

(a) Notices. All notices, approvals, consents or other communications required or desired to be given hereunder shall be in writing and sent by certified or registered mail, return receipt requested, or by overnight delivery service, with all charges prepaid, if to the Lender, then to Citibank, N.A., Citigroup Center, 153 East 53rd Street, New York, New York 10022, Attention: Ms. Laura G. Rowley, 25th Floor, Zone 5, and if to a Pledgor, then to such Pledgor at c/o Broadway Video Entertainment, Inc. 1619 Broadway, Ninth Floor, New York, New York 10019, Attention: Mr. Joseph Brady, Vice President/Finance, or by facsimile transmission, promptly confirmed in writing sent by first class mail, if to the Lender, at (212) 559-0971, and if to a Pledgor at (212) 582-8097. All such notices and correspondence shall be deemed given (i) if sent by certified or registered mail, three (3) Business Days after being postmarked, (ii) if sent by overnight delivery service, when received at the above stated addresses or when delivery is refused and (iii) if sent by facsimile transmission, when receipt of such transmission is acknowledged.

(b) Headings. The headings in this Agreement are for purposes of reference only and shall not affect the meaning or construction of any provision of this Agreement.

(c) Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(d) Amendments, Waivers and Consents. Any amendment or waiver of any provision of this Agreement and any consent to any departure by either Pledgor from any provision of this Agreement shall not be effective unless the same shall be in writing and signed

by each Pledgor and the Lender and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(e) Interpretation. Time is of the essence in each provision of this Agreement of which time is an element. All terms not defined herein or in the Credit Agreements shall have the meaning set forth in the Code, except where the context otherwise requires. To the extent a term or provision of this Agreement conflicts with either of the Credit Agreements and is not dealt with herein with more specificity, the applicable Credit Agreement shall control with respect to the subject matter of such term or provision. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant in determining the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

(f) Continuing Security Interest. This Agreement shall create a continuing security interest in the Intellectual Property Collateral and shall (i) remain in full force and effect until the indefeasible payment in full in cash of the Obligations and the Guaranty Obligations, (ii) be binding upon each Pledgor and its successors and assigns and (iii) inure, together with the rights and remedies of the Lender hereunder, to the benefit of the Lender and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), the Lender may, in accordance with the terms of either of the Credit Agreements, assign or otherwise transfer all or any portion of its rights and obligations under this Agreement to any other Person that is a successor to the Lender under either of the Credit Agreements, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such successor herein or otherwise, in each case as provided in either of the Credit Agreements.

(g) Reinstatement. To the extent permitted by law, this Agreement shall continue to be effective or be reinstated if at any time any amount received by the Lender in respect of the Obligations or the Guaranty Obligations is rescinded or must otherwise be restored or returned by the Lender upon the occurrence or during the pendency of any bankruptcy, reorganization or other similar proceeding applicable to either Pledgor, or upon or during the occurrence of any dissolution, liquidation or winding up of either Pledgor, all as though such payments had not been made.

(h) Survival of Provisions. All representations, warranties and covenants of each Pledgor contained herein shall survive the Closing Date, and shall terminate only upon the full and final payment and performance of the Obligations and the Guaranty Obligations secured hereby.

(i) Lender May Perform. If either Pledgor fails to perform any agreement contained herein, the Lender may itself perform, or cause performance of, such agreement, and the expenses of the Lender incurred in connection therewith shall be payable by such Pledgor, jointly and severally, and shall constitute Obligations and the Guaranty Obligations secured by this Agreement.

(j) No Duty on Lender. The powers conferred on the Lender hereunder are solely to protect its interest in the Intellectual Property Collateral and shall not impose any duty upon the Lender to exercise any such powers. Except for the safe custody of any

Intellectual Property Collateral in its possession and the accounting for money actually received by it hereunder, the Lender shall have no duty as to any Intellectual Property Collateral, as to ascertaining or taking action with respect to matters relative to any Intellectual Property Collateral, whether or not the Lender has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Intellectual Property Collateral. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of any Intellectual Property Collateral in its possession if such Intellectual Property Collateral is accorded treatment substantially equal to that which the Lender accords its own similar property. To the extent the Intellectual Property Collateral is held by a custodian, the Lender shall be deemed to have exercised reasonable care if it has selected the custodian with reasonable care.

(k) Delays; Partial Exercise of Remedies. No delay or omission of the Lender to exercise any right or remedy hereunder, whether before or after the happening of any Event of Default, shall impair any such right or shall operate as a waiver thereof or as a waiver of any such Event of Default. No single or partial exercise by the Lender of any right or remedy shall preclude any other or further exercise thereof, or preclude any other right or remedy.

(l) GOVERNING LAW. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER CREDIT DOCUMENTS, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAW PROVISIONS) AND DECISIONS OF THE STATE OF NEW YORK.

(m) SUBMISSION TO JURISDICTION. ALL DISPUTES BETWEEN OR AMONG EITHER PLEDGOR AND THE LENDER, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE AND FEDERAL COURTS LOCATED IN NEW YORK, NEW YORK AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT THE LENDER SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST EITHER PLEDGOR OR ITS PROPERTY IN (A) ANY COURTS OF COMPETENT JURISDICTION AND VENUE AND (B) ANY LOCATION SELECTED BY THE LENDER TO ENABLE THE LENDER TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE LENDER. EACH PLEDGOR AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS, SETOFFS OR CROSS-CLAIMS IN ANY PROCEEDING BROUGHT BY THE LENDER. EACH PLEDGOR WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE LENDER HAS COMMENCED A PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.


(n) SERVICE OF PROCESS. EACH PLEDGOR HEREBY IRREVOCABLY DESIGNATES CT CORPORATION 111 EIGHTH AVENUE, NEW YORK, NEW YORK 10011, AS THE DESIGNEE AND AGENT OF SUCH PLEDGOR TO RECEIVE,

FOR AND ON BEHALF OF SUCH PLEDGOR, SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT. IT IS UNDERSTOOD THAT A COPY OF SUCH PROCESS SERVED ON SUCH AGENT AT ITS ADDRESS WILL BE PROMPTLY FORWARDED BY MAIL TO SUCH PLEDGOR, BUT THE FAILURE OF SUCH PLEDGOR TO RECEIVE SUCH COPY SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. THE LENDER AGREES TO SEND COURTESY COPIES OF ANY SUCH LEGAL PROCESS TO THE PLEDGORS AT THEIR ADDRESSES SPECIFIED IN SECTION 5(a) ABOVE.


(o) JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS AGREEMENT OR ANY CONDUCT, ACTS OR OMISSIONS OF EITHER PLEDGOR, THE LENDER OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR OTHER AFFILIATES, IN EACH CASE WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE.

IN WITNESS WHEREOF, each Pledgor has caused this Agreement to be executed by its duly authorized officer as of the date first set forth above.

BROADWAY VIDEO ENTERTAINMENT, INC.

By: 
Name: Jack Sullivan
Title:

BROADWAY VIDEO, INC.

By: 
Name: Jack Sullivan
Title:

Schedule A

Patents

None.

**Broadway Video, Inc.
Trademark Schedule
As of 12/31/02**

<u>Trademark</u>	<u>Registration Date</u>	<u>Registration Number</u>
S Broadway Sound (& Design)	February 10, 1998	2,135,190
Broadway Duplication Video (& Design)	January 13, 1998	2,128,048
<u>Pending Applications</u>	<u>Filing Date</u>	<u>Serial Number</u>
Design Lab	June 14, 2002	76/425723

**Broadway Video Entertainment, Inc.
Intellectual Property Schedule
As of December 31, 2002**

Trademarks

Freddy the Pig (Application Pending)

Serial Numbers: 76/290823, 76/290824, 76/290652

Filing Date: October 29, 2002

Name of Applicant: Broadway Video Entertainment, Inc.

Copyright Registrations

The Adventures of the Cow
Assistant Principal's Big Day
At a Medium Pace
Bad Boyfriend
The Beating of a High School Bus Driver
The Beating of a High School Janitor
The Beating of a High School Science Teacher
The Beating of a High School Spanish Teacher
Buddy
The Buffoon and the Dean of Admissions
The Buffoon and the Valedictorian
The Chanukah Song
The Cheerleader
Corduroy Blues
Crazy Love
Dancin' and Pantsin'
Dip Doodle
Do it for your Mama
Excited Southerner at a Job Interview
Excited Southerner Gets Pulled Over
Excited Southerner Meets Mel Gibson
Excited Southerner Orders a Meal
Excited Southerner Proposes to a Woman
Fatty McGee
Food Innuendo Guy
Four Years Old
The Goat
The Goat Song
The Hypnotist
I'm So Wasted
Joining the Cult
Listenin' to the Radio
The Lonesome Kicker
The Longest Pee
Lunchlady Land
Memory Lane
Moyda
Mr. Bake-O
Mr. Spindel's Phone Call
My Little Chicken
Ode to My Car
Oh Mom
Pickin' Daisies

The Red Hooded Sweatshirt
Respect
The Respect Chant
Right Field
Sex or Weight Lifting
Steve Polychronopolous
Sweet Beatrice
Teenage Love on the Phone
The Thanksgiving Song
Toll Booth Willie
VooDoo
What the Hell Happened to Me?
Zittly Van Zittles
The Beach Boys Special
The Best of Chevy Chase
The Best of Dan Akroyd
The Best of Gilda Radner
The Best of John Belushi
The Best of the Blues Brothers
Bob & Ray, Jane, Laraine & Gilda
Candle, Snow & Mistletoe
Coneheads: The Life and Times of Beldar Conehead
Coneheads – Vol.1, no. 1
Hard Rock – Live
The Kids in the Hall
Michelob Presents Sunday Night
Neil Young in Berlin
Night Music
Paul Simon Special
Randy Newman at the Odeon
Rolling Stone Presents 20 Years of Rock & Roll
The Rutles
The Rutles II
Sunday Night
The Vacant Lot
Wayne's World: Extreme Close Up