

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Collective Licensing International, LLC		12/23/2003	Limited Liability Company: DELAWARE

RECEIVING PARTY DATA

Name:	Congress Financial Corporation
Street Address:	1133 Avenue of the Americas
City:	New York
State/Country:	NEW YORK
Postal Code:	10036
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 10

Property Type	Number	Word Mark
Registration Number:	2042013	A
Registration Number:	2152877	A
Registration Number:	2538220	A
Registration Number:	2588714	A
Registration Number:	2317667	A
Registration Number:	1511840	AIRWALK
Registration Number:	2314004	AIRWALK
Registration Number:	2109810	AIRWALK
Registration Number:	1450940	
Registration Number:	2166302	

CORRESPONDENCE DATA

Fax Number: (248)594-0610

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 2485940600

TRADEMARK

REEL: 002835 FRAME: 0624

900007511

CH \$265.00 2042013

Email: tmdocketing@raderfishman.com
Correspondent Name: Rader, Fishman & Grauer PLLC
Address Line 1: 39533 Woodward Avenue
Address Line 2: Suite 140
Address Line 4: Bloomfield Hills, MICHIGAN 48304

ATTORNEY DOCKET NUMBER: 50054-0999

NAME OF SUBMITTER: Michael A. Lisi, Esq.

Total Attachments: 58

source=NOTE SECURITY AGREEMENT#page1.tif
source=NOTE SECURITY AGREEMENT#page2.tif
source=NOTE SECURITY AGREEMENT#page3.tif
source=NOTE SECURITY AGREEMENT#page4.tif
source=NOTE SECURITY AGREEMENT#page5.tif
source=NOTE SECURITY AGREEMENT#page6.tif
source=NOTE SECURITY AGREEMENT#page7.tif
source=NOTE SECURITY AGREEMENT#page8.tif
source=NOTE SECURITY AGREEMENT#page9.tif
source=NOTE SECURITY AGREEMENT#page10.tif
source=NOTE SECURITY AGREEMENT#page11.tif
source=NOTE SECURITY AGREEMENT#page12.tif
source=NOTE SECURITY AGREEMENT#page13.tif
source=NOTE SECURITY AGREEMENT#page14.tif
source=NOTE SECURITY AGREEMENT#page15.tif
source=NOTE SECURITY AGREEMENT#page16.tif
source=NOTE SECURITY AGREEMENT#page17.tif
source=NOTE SECURITY AGREEMENT#page18.tif
source=NOTE SECURITY AGREEMENT#page19.tif
source=NOTE SECURITY AGREEMENT#page20.tif
source=NOTE SECURITY AGREEMENT#page21.tif
source=NOTE SECURITY AGREEMENT#page22.tif
source=NOTE SECURITY AGREEMENT#page23.tif
source=NOTE SECURITY AGREEMENT#page24.tif
source=NOTE SECURITY AGREEMENT#page25.tif
source=NOTE SECURITY AGREEMENT#page26.tif
source=NOTE SECURITY AGREEMENT#page27.tif
source=NOTE SECURITY AGREEMENT#page28.tif
source=NOTE SECURITY AGREEMENT#page29.tif
source=NOTE SECURITY AGREEMENT#page30.tif
source=NOTE SECURITY AGREEMENT#page31.tif
source=NOTE SECURITY AGREEMENT#page32.tif
source=NOTE SECURITY AGREEMENT#page33.tif
source=NOTE SECURITY AGREEMENT#page34.tif
source=NOTE SECURITY AGREEMENT#page35.tif
source=NOTE SECURITY AGREEMENT#page36.tif
source=NOTE SECURITY AGREEMENT#page37.tif
source=NOTE SECURITY AGREEMENT#page38.tif
source=NOTE SECURITY AGREEMENT#page39.tif
source=NOTE SECURITY AGREEMENT#page40.tif
source=NOTE SECURITY AGREEMENT#page41.tif
source=NOTE SECURITY AGREEMENT#page42.tif
source=NOTE SECURITY AGREEMENT#page43.tif

source=NOTE SECURITY AGREEMENT#page44.tif
source=NOTE SECURITY AGREEMENT#page45.tif
source=NOTE SECURITY AGREEMENT#page46.tif
source=NOTE SECURITY AGREEMENT#page47.tif
source=NOTE SECURITY AGREEMENT#page48.tif
source=NOTE SECURITY AGREEMENT#page49.tif
source=NOTE SECURITY AGREEMENT#page50.tif
source=NOTE SECURITY AGREEMENT#page51.tif
source=NOTE SECURITY AGREEMENT#page52.tif
source=NOTE SECURITY AGREEMENT#page53.tif
source=NOTE SECURITY AGREEMENT#page54.tif
source=NOTE SECURITY AGREEMENT#page55.tif
source=NOTE SECURITY AGREEMENT#page56.tif
source=NOTE SECURITY AGREEMENT#page57.tif
source=NOTE SECURITY AGREEMENT#page58.tif

NOTE SECURITY AGREEMENT

This Note Security Agreement ("Agreement") dated December 23, 2003, is entered into by and between Congress Financial Corporation, a Delaware corporation ("Congress") and Collective Licensing International, LLC, a Delaware limited liability company ("Buyer").

WITNESSETH:

WHEREAS, Congress has heretofore made certain loans and advances and provided financial accommodations to Airwalk International LLC, successor by merger to Items International, Inc. ("Airwalk") pursuant to the Loan and Security Agreement, dated December 17, 1998, as amended, between Congress and Airwalk (as the same now exists and may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Airwalk Loan Agreement" and, together with all agreements, documents and instruments at any time executed and/or delivered in connection therewith or related thereto, the "Airwalk Financing Agreements");

WHEREAS, pursuant to and in accordance with the Airwalk Financing Agreements, Airwalk is indebted to Congress in the principal amount of not less than _____ as of October 31, 2003;

WHEREAS, Congress has a valid and perfected first-priority security interest in substantially all of the assets and properties of Airwalk to secure the repayment of such indebtedness;

WHEREAS, Alan Cohen of Abacus Advisors Group LLC was appointed as temporary receiver ("Receiver") to take possession and control of certain assets of Airwalk and conduct a sale of certain of such assets the "Purchased Assets" as hereafter further defined for the benefit of Congress pursuant to an Order of the Supreme Court of the State of New York, County of New York, in the action styled Congress Financial Corporation v. Airwalk International LLC successor by merger to Items International LLC (Index No. 603445/03);

WHEREAS, pursuant to the Purchase Agreements (as hereinafter defined), Receiver is assigning, transferring and conveying to Buyer, all of the right, title and interest of Airwalk in and to the Purchased Assets;

WHEREAS, pursuant to the Order Ratifying the Foreclosure Sale to Buyer by Receiver, entered on December __, 2003, the sale of the Purchased Assets to Buyer has been confirmed; and

WHEREAS, Congress has agreed that the Purchased Assets may be sold to Buyer in exchange for, among other things, the Acquisition Note (as hereinafter defined), subject to and in accordance with the terms hereof;

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

1.1 "Accounts" shall mean all present and future rights of Buyer to payment of a monetary obligation, whether or not earned by performance, which is not evidenced by chattel paper or an instrument, (a) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (b) for services rendered or to be rendered, (c) for a secondary obligation incurred or to be incurred, or (d) arising out of the use of a credit or charge card or information contained on or for use with the card.

1.2 "Acquisition Accommodation" shall mean the financial accommodation made by Congress to Buyer as provided for in Section 2.1 hereof.

1.3 "Acquisition Accommodation Advances" shall have the meaning set forth in Section 7.5 hereof.

1.4 "Acquisition Note" shall have the meaning set forth in Section 2.1 hereof.

1.5 "Adjusted Excess Cash Flow" shall mean as to any Person, with respect to any period, an amount equal to: (a) the EBITDA of such Person and its Subsidiaries for such period on a consolidated basis determined in accordance with GAAP, less (b) the amount equal to the sum of (i) all scheduled, voluntary and mandatory cash principal payments in respect of the Acquisition Accommodation and Acquisition Note made during such period, (ii) Provisions for Taxes (including tax distributions made pursuant to Section 9.11 hereof) during such period to the extent actually paid during such period, (iii) Interest Expense of such Person and its Subsidiaries for such period, (iv) cash expended in respect of Capital Expenditures permitted pursuant to Section 9.18 hereof, of such Person and its Subsidiaries for such period, provided, that, no more than \$25,000 of such cash expenditures in any fiscal year of such Person may be deducted for purposes of calculating Adjusted Excess Cash Flow, and (v) any fee required to be paid to Congress pursuant to the terms of Section 3.2 hereof and actually paid by such Person during such period. For purposes of calculating EBITDA in connection with determining Adjusted Excess Cash Flow, operating expenses shall only be deducted from revenue to the extent operating expenses for any period do not exceed the amount of operating expenses for such period as set forth on Schedule 1 annexed hereto.

1.6 "Advances" shall have the meaning set forth in Section 7.5 hereof.

1.7 "Affiliate" shall mean, with respect to a specified Person, any other Person which directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such Person, and without limiting the generality of the foregoing, includes (a) any Person which beneficially owns or holds twenty (20%) percent or more of any class of Voting Stock of such Person or other equity interests in such Person, (b) any Person of which such Person beneficially owns or holds twenty (20%) percent or more of any class of Voting Stock or in which such Person beneficially owns or holds twenty (20%) percent or more of the equity interests and (c) any director or executive officer of such Person. For the purposes of this definition, the term "control" (including with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by agreement or otherwise.

1.8 "Blocked Accounts" shall have the meaning set forth in Section 6.3 hereof.

1.9 "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of New York or the State of North Carolina, and a day on which the Reference Bank and Congress are open for the transaction of business.

1.10 "Capital Expenditures" shall mean, with respect to any Person, all expenditures made and liabilities incurred for the acquisition of assets (including, without limitation, acquisition of fixed assets, leasehold improvements, Capital Leases and installment purchases of machinery and equipment) which are not, in accordance with GAAP, treated as expense items for such Person in the year made or incurred or as a prepaid expense applicable to a future year or years.

1.11 "Capital Leases" shall mean, as applied to any Person, any lease of (or any agreement conveying the right to use) any property (whether real, personal or mixed) by such Person as lessee which in accordance with GAAP, is required to be reflected as a liability on the balance sheet of such Person.

1.12 "Capital Stock" shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock or partnership, limited liability company or other equity interests at any time outstanding, and any and all rights, warrants or options exchangeable for or convertible into such capital stock or other interests (but excluding any debt security that is exchangeable for or convertible into such capital stock).

1.13 "Cash Equivalents" shall mean, at any time, (a) any evidence of Indebtedness with a maturity date of ninety (90) days or less issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof; provided, that, the full faith and credit of the United States of America is pledged in support thereof; (b) certificates of

deposit or bankers' acceptances with a maturity of ninety (90) days or less of any financial institution that is a member of the Federal Reserve System having combined capital and unimpaired surplus of not less than \$1,000,000,000; (c) commercial paper (including variable rate demand notes) with a maturity of ninety (90) days or less issued by a corporation (except an Affiliate of Buyer) organized under the laws of any State of the United States of America or the District of Columbia and rated at least A-1 by Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. or at least P-1 by Moody's Investors Service, Inc.; (d) repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clause (a) above entered into with any financial institution having combined capital and unimpaired surplus of not less than \$1,000,000,000; (e) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or issued by any governmental agency thereof and backed by the full faith and credit of the United States of America, in each case maturing within ninety (90) days or less from the date of acquisition; provided, that, the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions with Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985; and (f) investments in money market funds and mutual funds that are registered under the Investment Company Act of 1940 as amended which invest substantially all of their assets in securities of the types described in clauses (a) through (e) above.

1.14 "Change of Control" shall mean (a) the transfer (in one transaction or a series of transactions) of all or substantially all of the assets of Buyer to any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act); (b) the liquidation or dissolution of Buyer or the adoption of a plan by the stockholders of Buyer relating to the dissolution or liquidation of Buyer; (c) the acquisition by any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act), except for one or more Permitted Holders, of beneficial ownership, directly or indirectly, of a majority of the voting power of the total outstanding Voting Stock of Buyer or the Board of Directors of Buyer; (d) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Buyer (together with any new directors who have been appointed by any Permitted Holder, or whose nomination for election by the stockholders of Buyer, as the case may be, was approved by a vote of at least sixty-six and two-thirds (66 2/3%) percent of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of Buyer then still in office; or (e) the failure of the Permitted Holders to own less than eighty (80%) percent of the voting power of the total outstanding Voting Stock of Buyer.

1.15 "Chinese Trademarks" shall mean the Chinese trademarks listed on Schedule 8.11(a) hereto.

1.16 "Code" shall mean the Internal Revenue Code of 1986, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

1.17 "Collateral" shall have the meaning set forth in Section 5 hereof.

1.18 "Collateral Access Agreement" shall mean an agreement in writing, in form and substance satisfactory to Congress, by a lessor of premises to Buyer, or any other person to whom any Collateral (including Inventory, Equipment, bills of lading or other documents of title) is consigned or who has custody, control or possession of any such Collateral or is otherwise the owner or operator of any premises on which any of such Collateral is located, in favor of Congress waiving or subordinating any rights of such lessor other person with respect to such Collateral and granting Congress certain rights.

1.19 "Congress Payment Account" shall mean account no. 5000000030279 of Congress at Wachovia Bank, National Association or such other account of Congress as Congress may from time to time designate to Buyer as the Congress Payment Account for purposes of this Agreement.

1.20 "Consolidated Net Income" shall mean, with respect to any Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries, on a consolidated basis, for such period (excluding to the extent included therein any extraordinary or non-recurring gains and extraordinary non-cash charges) after deducting all charges which should be deducted before arriving at the net income (loss) for such period and after deducting the Provision for Taxes for such period, all as determined in accordance with GAAP; provided, that, (a) the net income of any Person that is not a wholly-owned Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid or payable to such Person or a wholly-owned Subsidiary of such Person; (b) except to the extent included pursuant to the foregoing clause, the net income of any Person accrued prior to the date it becomes a wholly-owned Subsidiary of such Person or is merged into or consolidated with such Person or any of its wholly-owned Subsidiaries or that Person's assets are acquired by such Person or by any of its wholly-owned Subsidiaries shall be excluded; (c) the effect of any change in accounting principles adopted by such Person or its Subsidiaries after the date hereof shall be excluded; (d) net income shall exclude interest accruing, but not paid on indebtedness owing to a Subsidiary or parent corporation of such Person, which is subordinated in right of payment to the payment in full of the Obligations, on terms and conditions acceptable to Congress; and (e) the net income (if positive) of any wholly-owned Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such wholly-owned Subsidiary to such Person or to any other wholly-owned Subsidiary of such Person is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such wholly-owned Subsidiary shall be excluded. For the purposes of this definition, net income excludes any gain and non-cash loss (but not any cash loss) together with any related Provision for Taxes for such gain and non-cash loss (but not any cash loss) realized upon the sale or other disposition of any assets that are not sold in the ordinary course of business (including, without limitation, dispositions pursuant to sale and leaseback transactions) or of any Capital Stock of such Person or a Subsidiary of such Person and any net income realized as a result of changes in accounting principles or the application thereof to such Person.

1.21 "Default" shall mean an act, condition or event which with notice or passage of time or both would constitute an Event of Default.

1.22 "Deposit Account Control Agreement" shall mean an agreement in writing, in form and substance satisfactory to Congress, by and among Congress, Buyer and any bank at which any deposit account of Buyer is at any time maintained which provides that such bank will comply with instructions originated by Congress directing disposition of the funds in the deposit account without further consent by Buyer and such other terms and conditions as Congress may require.

1.23 "EBITDA" shall mean, as to any Person, with respect to any period, an amount equal to: (a) the Consolidated Net Income of such Person and its Subsidiaries for such period, plus (b) depreciation and amortization for such period (to the extent deducted in the computation of Consolidated Net Income of such Person), all in accordance with GAAP, plus (c) Interest Expense for such period (to the extent deducted in the computation of Consolidated Net Income of such Person), plus (d) the Provision of Taxes (including tax distributions pursuant to Section 9.11 hereof) for such period (to the extent deducted in the computation of Consolidated Net Income of such Person).

1.24 "Environmental Laws" shall mean all foreign, Federal, State and local laws (including common law), legislation, rules, codes, licenses, permits (including any conditions imposed therein), authorizations, judicial or administrative decisions, injunctions or agreements between Buyer and any Governmental Authority, (a) relating to pollution and the protection, preservation or restoration of the environment (including air, water vapor, surface water, ground water, drinking water, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource), or to human health or safety, (b) relating to the exposure to, or the use, storage, recycling, treatment, generation, manufacture, processing, distribution, transportation, handling, labeling, production, release or disposal, or threatened release, of Hazardous Materials, or (c) relating to all laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials. The term "Environmental Laws" includes (i) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Superfund Amendments and Reauthorization Act, the Federal Water Pollution Control Act of 1972, the Federal Clean Water Act, the Federal Clean Air Act, the Federal Resource Conservation and Recovery Act of 1976 (including the Hazardous and Solid Waste Amendments thereto), the Federal Solid Waste Disposal and the Federal Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, and the Federal Safe Drinking Water Act of 1974, (ii) applicable state counterparts to such laws, and (iii) any common law or equitable doctrine that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Materials.

1.25 "Equipment" shall mean all of Buyer's now owned and hereafter acquired equipment, wherever located, including machinery, data processing and computer equipment and computer hardware and software, whether owned or licensed, and including embedded software, vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter

affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located.

1.26 "ERISA" shall mean the United States Employee Retirement Income Security Act of 1974, together with all rules, regulations and interpretations thereunder or related thereto.

1.27 "ERISA Affiliate" shall mean any person required to be aggregated with Buyer or any of its Subsidiaries under Sections 414(b), 414(c), 414(m) or 414(o) of the Code.

1.28 "ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan; (b) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (d) the filing pursuant to Section 412 of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the occurrence of a "prohibited transaction" with respect to which Buyer or any of its Subsidiaries is a "disqualified person" (within the meaning of Section 4975 of the Code) or with respect to which Buyer or any of its Subsidiaries could otherwise be liable; (f) a complete or partial withdrawal by the Buyer or any ERISA Affiliate from a Multiemployer Plan or a cessation of operations which is treated as such a withdrawal or notification that a Multiemployer Plan is in reorganization; (g) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the Pension Benefit Guaranty Corporation to terminate a Plan; (h) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (i) the imposition of any liability under Title IV of ERISA, other than the Pension Benefit Guaranty Corporation premiums due but not delinquent under Section 4007 of ERISA, upon Buyer or any ERISA Affiliate in excess of \$100,000; and (j) any other event or condition with respect to a Plan including any Plan subject to Title IV of ERISA maintained, or contributed to, by any ERISA Affiliate that could reasonably be expected to result in liability of Buyer in excess of \$100,000.

1.29 "Event of Default" shall mean the occurrence or existence of any event or condition described in Section 10.1 hereof.

1.30 "Exchange Act" shall mean the Securities Exchange Act of 1934, together with all rules, regulations and interpretations thereunder or related thereto.

1.31 "Foreign Trademarks" shall mean the trademarks listed on Schedule 8.11 hereto.

1.32 "GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board which are applicable to the circumstances as of the date of determination consistently applied, except that,

for purposes of Sections 9.17 and 9.18 hereof, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements delivered to Congress prior to the date hereof.

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

1.34 "Hazardous Materials" shall mean any hazardous, toxic or dangerous substances, materials and wastes, including hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials, or wastes and including any other substances, materials or wastes that are or become regulated under any Environmental Law (including any that are or become classified as hazardous or toxic under any Environmental Law).

1.35 "Indebtedness" shall mean, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the Congress is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (except any such balance that constitutes an account payable to a trade creditor (whether or not an Affiliate) created, incurred, assumed or guaranteed by such Person in the ordinary course of business of such Person in connection with obtaining goods, materials or services that is not overdue by more than ninety (90) days, unless the trade payable is being contested in good faith); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time; (h) all obligations, liabilities and

indebtedness of such Person (marked to market) arising under swap agreements, cap agreements and collar agreements and other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency or commodity values and (i) all obligations owed by such Person under License Agreements with respect to non-refundable, advance or minimum guarantee royalty payments to the extent that such obligations exceed \$100,000 in the aggregate in any fiscal year of such Person, unless otherwise consented to by Congress in writing.

1.36 "Information Certificate" shall mean the Information Certificate of Buyer constituting Exhibit A hereto containing material information with respect to Buyer, its business and assets provided by or on behalf of Buyer to Congress in connection with the preparation of this Agreement and the other Note Agreements and the financing arrangements provided for herein.

1.37 "Intellectual Property" shall mean Buyer's now owned and hereafter arising or acquired: patents, patent rights, patent applications, copyrights, works which are the subject matter of copyrights, copyright registrations, copyright applications, trademarks, service marks, trade names, trade styles, trademark and service mark applications, and licenses and rights to use any of the foregoing; all extensions, renewals, reissues, divisions, continuations, and continuations-in-part of any of the foregoing; all rights to sue for past, present and future infringement of any of the foregoing; inventions, trade secrets, formulae, processes, compounds, drawings, designs, blueprints, surveys, reports, manuals, and operating standards; goodwill (including any goodwill associated with any trademark or the license of any trademark); customer and other lists in whatever form maintained; and trade secret rights, copyright rights, rights in works of authorship, domain names and domain name registrations; software and contract rights relating to software, in whatever form created or maintained.

1.38 "Interest Expense" means, for any period, as to any Person, all of the following as determined in accordance with GAAP: (a) total interest expense of such Person and its Subsidiaries on a consolidated basis for such period, whether paid or accrued (including the interest component of Capital Leases for such period), including, without limitation, all bank fees, commissions, discounts and other fees and charges owed with respect to letters of credit (but excluding amortization of discount and amortization of deferred financing fees paid in cash in connection with the transactions contemplated hereby, interest (payable by addition to principal or in the form of property other than cash and any other interest expense not payable in cash), minus (b) any net payments received by such Person and its Subsidiaries on a consolidated basis during such period as interest income received in respect of its investments in cash and Cash Equivalents.

1.39 "Interest Rate" shall mean, as to the Acquisition Accommodation, the Advances, the Acquisition Accommodation Advances and the other Obligations, a rate equal to _____ percent per annum in excess of the Prime Rate, provided, that, notwithstanding anything to the contrary contained herein, the Interest Rate shall mean the rate of _____ percent per annum in excess of the Prime Rate as to all such Obligations, at Congress's option, without notice, either (a) for the period on and after the Maturity Date until such time as all Obligations are paid and satisfied in full in immediately available funds, or (b)

for the period from and after the date of the occurrence of any Event of Default, and for so long as such Event of Default is continuing as determined by Congress.

1.40 "Inventory" shall mean all of Buyer's now owned and hereafter existing or acquired goods, wherever located, which (a) are leased by Buyer as lessor; (b) are held by Buyer for sale or lease or to be furnished under a contract of service; (c) are furnished by Buyer under a contract of service; or (d) consist of raw materials, work in process, finished goods or materials used or consumed in its business.

1.41 "Investment Property Control Agreement" shall mean an agreement in writing, in form and substance satisfactory to Congress, by and among Congress, Buyer and any securities intermediary, commodity intermediary or other person who has custody, control or possession of any investment property of Buyer acknowledging that such securities intermediary, commodity intermediary or other person has custody, control or possession of such investment property on behalf of Congress.

1.42 "License Agreements" shall have the meaning set forth in Section 8.11 hereof.

1.43 "Material Adverse Effect" shall mean a material adverse effect on (a) the financial condition, business, performance or operations of Buyer, or (b) the legality, validity or enforceability of this Agreement or any of the other Note Agreements; (c) the legality, validity, enforceability, perfection or priority of the security interests and liens of Congress upon the Collateral; (d) the Collateral or its value; (e) the ability of Buyer to repay the Obligations or of Buyer to perform its obligations under this Agreement or any of the other Note Agreements as and when to be performed; or (f) the ability of Congress to enforce the Obligations or realize upon the Collateral or otherwise with respect to the rights and remedies of Congress under this Agreement or any of the other Note Agreements.

1.44 "Material Contract" shall mean (a) any contract (including without limitation any license agreement) or other agreement (other than the Note Agreements), written or oral, of Buyer involving monetary liability of or to any Person in an amount in excess of \$150,000 in any fiscal year, and (b) any other contract or other agreement (other than the Note Agreements), whether written or oral, to which Buyer is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto would have a Material Adverse Effect.

1.45 "Maturity Date" shall mean the third anniversary of the date hereof or such earlier date on which the Acquisition Accommodation and other Obligations shall become due and payable in accordance with the terms of this Agreement.

1.46 "Multiemployer Plan" shall mean a "multi-employer plan" as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six (6) years contributed to by Buyer or any ERISA Affiliate.

1.47 "Note Agreements" shall mean, collectively, this Agreement and all notes, guarantees, security agreements, deposit account control agreements, investment property control

agreements, intercreditor agreements, and all other agreements, documents and instruments now or at any time hereafter executed and/or delivered by Buyer or any Obligor in connection with this Agreement.

1.48 "Obligations" shall mean the Acquisition Accommodation, Advances, Acquisition Accommodation Advances and all other obligations, liabilities and indebtedness of every kind, nature and description owing by Buyer to Congress and/or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under this Agreement, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of this Agreement or after the commencement of any case with respect to Buyer under the United States Bankruptcy Code or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Congress.

1.49 "Obligor" shall mean any guarantor, endorser, acceptor, surety or other person liable on or with respect to the Obligations or who is the owner of any property which is security for the Obligations, other than Buyer.

1.50 "Permitted Holders" shall mean Sunrise Capital Partners LLC and any Affiliates of Sunrise Capital Partners LLC of which Sunrise Capital Partners LLC owns not less than fifty-one (51%) percent of each class of voting stock or other equity interests of any class and Bruce Pettet.

1.51 "Person" or "person" shall mean any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.52 "Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which Buyer sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a Multiemployer Plan has made contributions at any time during the immediately preceding six (6) plan years.

1.53 "Prime Rate" shall mean the rate from time to time publicly announced by Wachovia Bank, National Association, or its successors, as its prime rate, whether or not such announced rate is the best rate available at such bank.

1.54 "Provision for Taxes" shall mean an amount equal to all taxes imposed on or measured by net income, whether Federal, State, Provincial, county or local, and whether foreign or domestic, that are paid or payable by any Person in respect of any period in accordance with GAAP.

1.55 "Purchase Agreements" shall mean, individually and collectively, the Asset Purchase Agreement, dated the date hereof, by and between Receiver and Buyer, together with bills of sale, quitclaim deeds, assignment and assumption agreements and such other instruments of transfer as are referred to therein and all side letters with respect thereto, and all agreements, documents and instruments executed and/or delivered in connection therewith, as all of the foregoing now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced; provided, that, the term "Purchase Agreements" as used herein shall not include any of the "Note Agreements" as such term is defined herein.

1.56 "Purchased Assets" shall mean all of the assets and properties acquired by Buyer from Receiver pursuant to the Purchase Agreements.

1.57 "Real Property" shall mean all now owned and hereafter acquired real property of Buyer, including leasehold interests, together with all buildings, structures, and other improvements located thereon and all licenses, easements and appurtenances relating thereto, wherever located.

1.58 "Receivables" shall mean all of the following now owned or hereafter arising or acquired property of Buyer: (a) all Accounts; (b) all interest, fees, late charges, penalties, collection fees and other amounts due or to become due or otherwise payable in connection with any Account; (c) all payment intangibles of Buyer and other contract rights, chattel paper, instruments, notes, and other forms of obligations owing to Buyer, whether from the sale and lease of goods or other property, licensing of any property (including Intellectual Property or other general intangibles), rendition of services or from loans or advances by Buyer or to or for the benefit of any third person (including loans or advances to any Affiliates or Subsidiaries of Buyer) or otherwise associated with any Accounts, Inventory or general intangibles of Buyer (including, without limitation, choses in action, causes of action, tax refunds, tax refund claims, any funds which may become payable to Buyer in connection with the termination of any Plan or other employee benefit plan and any other amounts payable to Buyer from any Plan or other employee benefit plan, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, casualty or any similar types of insurance and any proceeds thereof and proceeds of insurance covering the lives of employees on which Buyer is a beneficiary).

1.59 "Records" shall mean all of Buyer's present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of Buyer with respect to the foregoing maintained with or by any other person).

1.60 "Reference Bank" shall mean Wachovia Bank, National Association, or such other bank as Congress may from time to time designate.

1.61 "Subsidiary" or "subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, limited liability partnership or other limited or general partnership, trust, association or other business entity of which an aggregate of at least a majority of the outstanding Capital Stock or other interests entitled to vote in the election of the board of directors of such corporation (irrespective of whether, at the time, Capital Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency), managers, trustees or other controlling persons, or an equivalent controlling interest therein, of such Person is, at the time, directly or indirectly, owned by such Person and/or one or more subsidiaries of such Person.

1.62 "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York, and any successor statute, as in effect from time to time (except that terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as Congress may otherwise determine).

1.63 "Voting Stock" shall mean with respect to any Person, (a) one (1) or more classes of Capital Stock of such Person having general voting powers to elect at least a majority of the board of directors, managers or trustees of such Person, irrespective of whether at the time Capital Stock of any other class or classes have or might have voting power by reason of the happening of any contingency, and (b) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into Capital Stock of such Person described in clause (a) of this definition.

SECTION 2. Acquisition Accommodation

2.1 Acquisition Accommodation. In connection with the sale of the Purchased Assets pursuant to the Purchase Agreements, Congress is accepting a promissory note from Buyer, as maker, in the original principal amount of _____ \$ in lieu of cash or other immediately available funds (the "Acquisition Accommodation") which represents the portion of the purchase price under the Purchase Agreements payable to Congress in the amount of _____ the amount of an additional advance being made by Congress to Buyer on the date hereof in the amount of _____. The Acquisition Accommodation is (a) evidenced by a Promissory Note in such original principal amount duly executed and delivered by Buyer to Congress concurrently herewith (the "Acquisition Note"); (b) to be paid, together with interest and other amounts, in accordance with this Agreement, the Acquisition Note, and the other Note Agreements and (c) secured by all of the Collateral. The principal amount of the Acquisition Accommodation shall be repaid in thirty-six (36) consecutive installments (or earlier as provided herein) payable on the first day of each month commencing January 1, 2004, of which the first two (2) installments shall each be in the amount of _____, the next ten (10) installments shall each be in the amount of _____, the next twenty-three (23) installments shall each be in the amount of \$ _____ and the last installment which shall be due and payable on the Maturity Date shall be in the amount _____.

of the entire unpaid balance of the Acquisition Accommodation; provided, that, the amount of the foregoing installments may be increased as provided in Section 2.2(b) hereof.

2.2 Mandatory Prepayments of the Acquisition Accommodation

(a) Not later than fifty-five (55) days after (i) each of June 30, 2004 and December 31, 2004, Buyer shall pay to Congress the amount equal to _____ percent of the Adjusted Excess Cash Flow of Buyer for the six (6) consecutive months then ended as a mandatory prepayment of the then outstanding principal amount of the Acquisition Accommodation, and (ii) after the last day of each April, August and December, commencing April 31, 2005, Buyer shall pay to Congress the amount equal to seventy (70%) percent of the Adjusted Excess Cash Flow of Buyer for the four consecutive (4) months then ended as a mandatory prepayment of the then outstanding principal amount of the Acquisition Accommodation; provided, that, in the event that the sum of (A) the dollar amount of regularly scheduled principal payments made by Buyer in respect of the Acquisition Accommodation during any calendar year, plus (B) the aggregate dollar amount of all mandatory prepayments made by Buyer pursuant to this Section 2.2(a) during the same calendar year at any time equals or exceeds _____, (1) then, in the case of calendar year 2004, Buyer shall only be required to make an additional mandatory prepayment in respect of Adjusted Excess Cash Flow of Buyer, in an amount equal to _____ % percent of the amount equal to Adjusted Excess Cash Flow of Buyer less : _____, and (2) then, in the case of any calendar year after 2004, and for the remainder of such calendar year, Buyer shall only be required to pay to Congress the amount equal to _____ percent of the Adjusted Excess Cash Flow of Buyer as a mandatory prepayment of the then outstanding principal amount of the Acquisition Accommodation. For purposes hereof Adjusted Excess Cash Flow shall be calculated based on the financial statements of Buyer for the applicable fiscal period delivered to Congress in accordance with Section 9.6 hereof.

(b) Without limitation upon Section 2.2(a) above or any other provision of this Agreement or any of the other Note Agreements, Buyer shall deliver to Congress not later than five (5) days after the end of each month, _____ percent of all amounts that Buyer collects in respect of the Assigned A/R (as defined in Section 4.1(g) hereof) for application to the Obligations. In the event that Congress shall for any reason be required to repay to Buyer or to pay to any third party any or all of the amounts referred to in this Section 2.2(b) ("Returned Proceeds"), the outstanding principal balance of the Acquisition Note automatically shall be increased by the amount of such Returned Proceeds.

(c) All prepayments of the Acquisition Accommodation made pursuant to Sections 2.2(a) and (b) hereof shall be applied against the remaining installments (if any) of principal due in respect of the Acquisition Accommodation in the inverse order of maturity. All prepayments of principal under this Section 2.2 shall be made together with accrued and unpaid interest thereon to the date of such prepayment.

SECTION 3. INTEREST AND FEES

3.1 Interest.

(a) Buyer shall pay to Congress interest on the outstanding principal amount of the Acquisition Accommodation and other Obligations at the Interest Rate. All interest accruing hereunder on and after the date of any Event of Default or termination or non-renewal hereof shall be payable on demand.

(b) Interest shall be payable by Buyer to Congress monthly in arrears not later than the first day of each calendar month and shall be calculated on the basis of a three hundred sixty (360) day year and actual days elapsed. The interest rate on non-contingent Obligations shall increase or decrease by an amount equal to each increase or decrease in the Prime Rate effective on the first day of the month after any change in such Prime Rate is announced based on the Prime Rate in effect on the last day of the month in which any such change occurs. In no event shall charges constituting interest payable by Buyer to Congress exceed the maximum amount or the rate permitted under any applicable law or regulation, and if any such part or provision of this Agreement is in contravention of any such law or regulation, such part or provision shall be deemed amended to conform thereto.

3.2 Accommodation Fee. Buyer shall pay to Congress, a monthly accommodation fee in an amount equal to _____ which shall be fully earned on the first day of each month (or part thereof) while this Agreement remains in effect and for so long thereafter as any of the Obligations are outstanding. Such fee shall be payable on an annual basis, on each anniversary of the date of this Agreement, for the twelve months then ended; provided, that, the entire amount of such fee shall become immediately due and payable, without notice or demand, at Congress's option, upon the occurrence of an Event of Default or upon the termination or non-renewal hereof.

SECTION 4. CONDITIONS PRECEDENT

Conditions Precedent to Accepting the Acquisition Note. Each of the following is a condition precedent to Congress accepting the Acquisition Note in lieu of receiving the amount of the purchase price in respect of the Purchased Assets in full in cash or other immediately available funds:

(a) all requisite limited liability company action and proceedings in connection with this Agreement and the other Note Agreements shall be satisfactory in form and substance to Congress, and Congress shall have received all information and copies of all documents, including records of requisite limited liability company action and proceedings which Congress may have requested in connection therewith, such documents where requested by Congress or its counsel to be certified by appropriate limited liability company officers or Governmental Authority (and including a copy of the certificate of formation of Buyer certified by the Secretary

of State (or equivalent Governmental Authority) which shall set forth the same complete name of Buyer as is set forth herein and such document as shall set forth the organizational identification number of Buyer, if one is issued in its jurisdiction of formation);

(b) Congress shall have received, in form and substance satisfactory to Congress, evidence that the Purchase Agreements have been duly executed and delivered by and to the appropriate parties thereto and the transactions contemplated under the terms of the Purchase Agreements have been consummated prior to or contemporaneously with the execution of this Agreement, and that subject to the qualifications set forth in Section 8.11 hereof Buyer has good and marketable title to the Purchased Assets;

(c) no material adverse change shall have occurred in the assets, business or prospects of Buyer since the date of Congress's latest field examination and no change or event shall have occurred which would impair the ability of Buyer or any Obligor to perform its obligations hereunder or under any of the other Note Agreements to which it is a party or of Congress to enforce the Obligations or realize upon the Collateral;

(d) Congress shall have received, in form and substance satisfactory to Congress, all consents, waivers, acknowledgments and other agreements from third persons which Congress may deem necessary or desirable in order to permit, protect and perfect its security interests in and liens upon the Collateral or to effectuate the provisions or purposes of this Agreement and the other Note Agreements, including, without limitation, Collateral Access Agreements by owners and lessors of leased premises of Buyer and by warehouses at which Collateral is located, agreements with licensees of Intellectual Property owned by Buyer (including, without limitation, an agreement with Payless Shoe Source) and agreements with licensors of Intellectual Property which Buyer currently licenses;

(e) Congress shall have received from each of the pledgors party to the Cash Collateral Pledge Agreement, dated July 1, 1999, as amended, by and among Congress, Paul I. Yohn, Sharon A. Yohn, Cheyrl K. Boone, Paul I. Yohn, Sharon A. Yohn and Cheyrl K. Boone, as trustees for each of the Stephanie Anne Yohn Trust and the George Orin Boon Trust, and Sharon A. Yohn, as agent for the pledgors, duly executed releases, in form and substance satisfactory to Congress, of all claims any of them at any time had or may have had against Congress or the Receiver.

(f) Congress shall have received a letter agreement, in form and substance satisfactory to Congress, that such Person will at the request of Buyer, at any time during the term of this Agreement, make additional contributions to Buyer up to an aggregate amount of (the "Equity Infusion Letter");

(g) Congress shall have received, in form and substance satisfactory to Congress, evidence of the execution and delivery by Airwalk of a bill of sale or other conveyance by Airwalk to Buyer, of all of Airwalk's right, title and interest of any kind whatsoever in and to the

accounts receivable of Airwalk, as identified and described on Schedule 4.1(g) hereto (collectively, the "Assigned A/R");

(h) Congress shall have received, in form and substance satisfactory to Congress, Deposit Account Control Agreements by and among Congress, Buyer and each bank where Buyer has a deposit account, in each case, duly authorized, executed and delivered by such bank and Buyer (or Congress shall be the bank's customer with respect to such deposit account, as Congress may specify);

(i) Congress shall have received evidence, in form and substance satisfactory to Congress, that Congress has a valid and perfected first priority security interest in all of the Collateral, subject to the qualifications set forth in Section 8.11 hereof.

(j) Congress shall have received and reviewed lien and judgment search results for the jurisdiction of organization of Buyer, the jurisdiction of the chief executive office of Buyer and all jurisdictions in which assets of Buyer are located, which search results shall be in form and substance satisfactory to Congress;

(k) Congress shall have received evidence of insurance and loss payee endorsements required hereunder and under the other Note Agreements, in form and substance satisfactory to Congress, and certificates of insurance policies and/or endorsements naming Congress as loss payee;

(l) Congress shall have received, in form and substance satisfactory to Congress, such opinion letters of counsel to Buyer with respect to the Note Agreements, the Purchase Agreements and such other matters as Congress may request; and

(m) the other Note Agreements and all instruments and documents hereunder and thereunder shall have been duly executed and delivered to Congress, in form and substance satisfactory to Congress.

SECTION 5. GRANT AND PERFECTION OF SECURITY INTEREST

5.1 Grant of Security Interest. To secure payment and performance of all Obligations, Buyer hereby grants to Congress a continuing security interest in, a lien upon, and a right of set off against, all personal and real property and fixtures and interests in property and fixtures of Buyer, whether now owned or hereafter acquired or existing, and wherever located (together with all other collateral security for the Obligations at any time granted to or held or acquired by Congress, collectively, the "Collateral"), including:

(a) all Accounts;

(b) all general intangibles, including, without limitation, all Intellectual Property;

- (c) all goods, including, without limitation, Inventory and Equipment;
- (d) all Real Property and fixtures;
- (e) all chattel paper (including all tangible and electronic chattel paper);
- (f) all instruments (including all promissory notes);
- (g) all documents;
- (h) all deposit accounts;
- (i) all letters of credit, banker's acceptances and similar instruments and including all letter-of-credit rights;
- (j) all supporting obligations and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of Receivables and other Collateral, including (i) rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the Collateral, (ii) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or secured party, (iii) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Receivables or other Collateral, including returned, repossessed and reclaimed goods, and (iv) deposits by and property of account debtors or other persons securing the obligations of account debtors;
- (k) all (i) investment property (including securities, whether certificated or uncertificated, securities accounts, security entitlements, commodity contracts or commodity accounts) and (ii) monies, credit balances, deposits and other property of Buyer now or hereafter held or received by or in transit to Congress or its Affiliates or at any other depository or other institution from or for the account of Buyer, whether for safekeeping, pledge, custody, transmission, collection or otherwise;
- (l) all commercial tort claims, including, without limitation, those identified in the Information Certificate;
- (m) to the extent not otherwise described above, all Receivables;
- (n) all Records; and
- (o) all products and proceeds of the foregoing, in any form, including insurance proceeds and all claims against third parties for loss or damage to or destruction of or other involuntary conversion of any kind or nature of any or all of the other Collateral.

5.2 Perfection of Security Interests.

(a) Buyer irrevocably and unconditionally authorizes Congress (or its agent) to file at any time and from time to time such financing statements with respect to the Collateral naming Congress or its designee as the secured party and Buyer as debtor, as Congress may require, and including any other information with respect to Buyer or otherwise required by part 5 of Article 9 of the Uniform Commercial Code of such jurisdiction as Congress may determine, together with any amendment and continuations with respect thereto, which authorization shall apply to all financing statements filed on, prior to or after the date hereof. Buyer hereby ratifies and approves all financing statements naming Congress or its designee as secured party and Buyer as debtor with respect to the Collateral (and any amendments with respect to such financing statements) filed by or on behalf of Congress prior to the date hereof and ratifies and confirms the authorization of Congress to file such financing statements (and amendments, if any). Buyer hereby authorizes Congress to adopt on behalf of Buyer any symbol required for authenticating any electronic filing. In the event that the description of the collateral in any financing statement naming Congress or its designee as the secured party and Buyer as debtor includes assets and properties of Buyer that do not at any time constitute Collateral, whether hereunder, under any of the other Note Agreements or otherwise, the filing of such financing statement shall nonetheless be deemed authorized by Buyer to the extent of the Collateral included in such description and it shall not render the financing statement ineffective as to any of the Collateral or otherwise affect the financing statement as it applies to any of the Collateral. In no event shall Buyer at any time file, or permit or cause to be filed, any correction statement or termination statement with respect to any financing statement (or amendment or continuation with respect thereto) naming Congress or its designee as secured party and Buyer as debtor.

(b) Buyer does not have any chattel paper (whether tangible or electronic) or instruments as of the date hereof, except as set forth in the Information Certificate. In the event that Buyer shall be entitled to or shall receive any chattel paper or instrument after the date hereof, Buyer shall promptly notify Congress thereof in writing. Promptly upon the receipt thereof by or on behalf of Buyer (including by any agent or representative), Buyer shall deliver, or cause to be delivered to Congress, all tangible chattel paper and instruments that Buyer or may at any time acquire, accompanied by such instruments of transfer or assignment duly executed in blank as Congress may from time to time specify, in each case except as Congress may otherwise agree. At Congress's option, Buyer shall, or Congress may at any time on behalf of Buyer, cause the original of any such instrument or chattel paper to be conspicuously marked in a form and manner acceptable to Congress with the following legend referring to chattel paper or instruments as applicable: "This [chattel paper][instrument] is subject to the security interest of Congress Financial Corporation and any sale, transfer, assignment or encumbrance of this [chattel paper][instrument] violates the rights of such secured party."

(c) In the event that Buyer shall at any time hold or acquire an interest in any electronic chattel paper or any "transferable record" (as such term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction), Buyer shall promptly notify Congress thereof in writing. Promptly upon Congress's request, Buyer shall take, or cause to be taken, such actions as Congress may reasonably request to give Congress

control of such electronic chattel paper under Section 9-105 of the UCC and control of such transferable record under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction.

(d) Buyer does not have any deposit accounts as of the date hereof, except as set forth in the Information Certificate. Buyer shall not, directly or indirectly, after the date hereof open, establish or maintain any deposit account unless each of the following conditions is satisfied: (i) Congress shall have received not less than five (5) Business Days prior written notice of the intention of Buyer to open or establish such account which notice shall specify in reasonable detail and specificity acceptable to Congress the name of the account, the owner of the account, the name and address of the bank at which such account is to be opened or established, the individual at such bank with whom Buyer is dealing and the purpose of the account, (ii) the bank where such account is opened or maintained shall be acceptable to Congress, and (iii) on or before the opening of such deposit account, Buyer shall as Congress may specify either (A) deliver to Congress a Deposit Account Control Agreement with respect to such deposit account duly authorized, executed and delivered by Buyer and the bank at which such deposit account is opened and maintained or (B) arrange for Congress to become the customer of the bank with respect to the deposit account on terms and conditions acceptable to Congress. The terms of this subsection (d) shall not apply to deposit accounts specifically and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Buyer's salaried employees.

(e) Buyer does not own or hold, directly or indirectly, beneficially or as record owner or both, any investment property, as of the date hereof, or have any investment account, securities account, commodity account or other similar account with any bank or other financial institution or other securities intermediary or commodity intermediary as of the date hereof, in each case except as set forth in the Information Certificate.

(i) In the event that Buyer shall be entitled to or shall at any time after the date hereof hold or acquire any certificated securities, Buyer shall promptly endorse, assign and deliver the same to Congress, accompanied by such instruments of transfer or assignment duly executed in blank as Congress may from time to time specify. If any securities, now or hereafter acquired by Buyer are uncertificated and are issued to Buyer or its nominee directly by the issuer thereof, Buyer shall immediately notify Congress thereof and shall as Congress may specify, either (A) cause the issuer to agree to comply with instructions from Congress as to such securities, without further consent of Buyer or such nominee, or (B) arrange for Congress to become the registered owner of the securities.

(ii) Buyer shall not, directly or indirectly, after the date hereof open, establish or maintain any investment account, securities account, commodity account or any other similar account (other than a deposit account) with any securities intermediary or commodity intermediary unless each of the following conditions is satisfied: (A) Congress shall have received not less than five (5) Business Days prior written notice of the intention of Buyer to

open or establish such account which notice shall specify in reasonable detail and specificity acceptable to Congress the name of the account, the owner of the account, the name and address of the securities intermediary or commodity intermediary at which such account is to be opened or established, the individual at such intermediary with whom Buyer is dealing and the purpose of the account, (B) the securities intermediary or commodity intermediary (as the case may be) where such account is opened or maintained shall be acceptable to Congress, and (C) on or before the opening of such investment account, securities account or other similar account with a securities intermediary or commodity intermediary, Buyer shall as Congress may specify either (1) execute and deliver, and cause to be executed and delivered to Congress, an Investment Property Control Agreement with respect thereto duly authorized, executed and delivered by Buyer and such securities intermediary or commodity intermediary or (2) arrange for Congress to become the entitlement holder with respect to such investment property on terms and conditions acceptable to Congress.

(f) Buyer is not the beneficiary or otherwise entitled to any right to payment under any letter of credit, banker's acceptance or similar instrument as of the date hereof, except as set forth in the Information Certificate. In the event that Buyer shall be entitled to or shall receive any right to payment under any letter of credit, banker's acceptance or any similar instrument, whether as beneficiary thereof or otherwise after the date hereof, Buyer shall promptly notify Congress thereof in writing. Buyer shall immediately, as Congress may specify, either (i) deliver, or cause to be delivered to Congress, with respect to any such letter of credit, banker's acceptance or similar instrument, the written agreement of the issuer and any other nominated person obligated to make any payment in respect thereof (including any confirming or negotiating bank), in form and substance satisfactory to Congress, consenting to the assignment of the proceeds of the letter of credit to Congress by Buyer and agreeing to make all payments thereon directly to Congress or as Congress may otherwise direct or (ii) cause Congress to become, at Buyer's expense, the transferee beneficiary of the letter of credit, banker's acceptance or similar instrument (as the case may be).

(g) Buyer has no commercial tort claims as of the date hereof, except as set forth in the Information Certificate. In the event that Buyer shall at any time after the date hereof have any commercial tort claims, Buyer shall promptly notify Congress thereof in writing, which notice shall (i) set forth in reasonable detail the basis for and nature of such commercial tort claim and (ii) include the express grant by Buyer to Congress of a security interest in such commercial tort claim (and the proceeds thereof). In the event that such notice does not include such grant of a security interest, the sending thereof by Buyer to Congress shall be deemed to constitute such grant to Congress. Upon the sending of such notice, any commercial tort claim described therein shall constitute part of the Collateral and shall be deemed included therein. Without limiting the authorization of Congress provided in Section 5.2(a) hereof or otherwise arising by the execution by Buyer of this Agreement or any of the other Note Agreements, Congress is hereby irrevocably authorized from time to time and at any time to file such financing statements naming Congress or its designee as secured party and Buyer as debtor, or any amendments to any financing statements, covering any such commercial tort claim as Collateral. In addition, Buyer shall promptly upon Congress's request, execute and deliver, or

cause to be executed and delivered, to Congress such other agreements, documents and instruments as Congress may require in connection with such commercial tort claim.

(h) Buyer does not have any goods, documents of title or other Collateral in the custody, control or possession of a third party as of the date hereof, except as set forth in the Information Certificate and except for goods located in the United States in transit to a location of Buyer permitted herein in the ordinary course of business of Buyer in the possession of the carrier transporting such goods. In the event that any goods, documents of title or other Collateral are at any time after the date hereof in the custody, control or possession of any other person not referred to in the Information Certificate or such carriers, Buyer shall promptly notify Congress thereof in writing. Promptly upon Congress's request, Buyer shall deliver to Congress a Collateral Access Agreement duly authorized, executed and delivered by such person and Buyer.

(i) Buyer shall take any other actions reasonably requested by Congress from time to time to cause the attachment, perfection and first priority of, and the ability of Congress to enforce, the security interest of Congress in any and all of the Collateral, including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the UCC or other applicable law, to the extent, if any, that Buyer's signature thereon is required therefor, (ii) causing Congress's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of Congress to enforce, the security interest of Congress in such Collateral, (iii) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Congress to enforce, the security interest of Congress in such Collateral, (iv) obtaining the consents and approvals of any Governmental Authority or third party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, and taking all actions required by any earlier versions of the UCC or by other law, as applicable in any relevant jurisdiction.

5.3 Exclusions from Collateral. Notwithstanding anything to the contrary set forth in Section 5.1 above, the types or items of Collateral described in such Section shall not include any rights or interests in any contract, lease, permit, license, charter or license agreement covering real or personal property, as such, if under the terms of such contract, lease, permit, license, charter or license agreement, or applicable law with respect thereto, the valid grant of a security interest or lien therein to Congress is prohibited and such prohibition has not been or is not waived or the consent of the other party to such contract, lease, permit, license, charter or license agreement has not been or is not otherwise obtained or under applicable law such prohibition cannot be waived; provided, that, the foregoing exclusion shall in no way be construed (a) to apply if any such prohibition is unenforceable under Sections 9-406, 9-407 or 9-408 of the UCC or other applicable law or (b) so as to limit, impair or otherwise affect Congress's unconditional continuing security interests in and liens upon any rights or interests of Buyer in or to monies due or to become due under any such contract, lease, permit, license, charter or license agreement (including any Receivables).

SECTION 6. COLLECTION AND ADMINISTRATION

6.1 Buyer's Indebtedness Ledger. Congress shall maintain one or more indebtedness ledger(s) on its books in which shall be recorded (a) the Acquisition Accommodation, Advances, Acquisition Accommodation Advances and other Obligations and the Collateral, (b) all payments made by or on behalf of Buyer and (c) all other appropriate debits and credits as provided in this Agreement, including fees, charges, costs, expenses and interest. All entries in the indebtedness ledger(s) shall be made in accordance with Congress's customary practices as in effect from time to time.

6.2 Statements. Congress shall render to Buyer each month a statement setting forth the balance in the Buyer's indebtedness ledger(s) maintained by Congress for Buyer pursuant to the provisions of this Agreement, including principal, interest, fees, costs and expenses. Each such statement shall be subject to subsequent adjustment by Congress but shall, absent manifest errors or omissions, be considered correct and deemed accepted by Buyer and conclusively binding upon Buyer as an account stated except to the extent that Congress receives a written notice from Buyer of any specific exceptions of Buyer thereto within thirty (30) days after the date such statement has been mailed by Congress. Until such time as Congress shall have rendered to Buyer a written statement as provided above, the balance in Buyer's indebtedness ledger(s) shall be presumptive evidence of the amounts due and owing to Congress by Buyer.

6.3 Collection of Accounts.

(a) Buyer shall establish and maintain, at its expense, blocked accounts or lockboxes and related blocked accounts (in either case, "Blocked Accounts"), as Congress may specify, with such banks as are acceptable to Congress into which Buyer shall promptly deposit and direct its account debtors to directly remit all payments on Receivables and all payments constituting proceeds of Inventory or other Collateral in the identical form in which such payments are made, whether by cash, check or other manner. Buyer shall deliver, or cause to be delivered to Congress, a Depository Account Control Agreement duly authorized, executed and delivered by each bank where a Blocked Account is maintained as provided in Section 5.2 hereof or at any time and from time to time Congress may become bank's customer with respect to the Blocked Accounts and promptly upon Congress's request, Buyer shall execute and deliver such agreements or documents as Congress may require in connection therewith. Buyer shall cause all funds received or deposited into the Blocked Accounts to be transferred each Business Day to the Congress Payment Account. Buyer agrees that all payments made to such Blocked Accounts or other funds received and collected by Congress, whether in respect of the Receivables, as proceeds of Inventory or other Collateral or otherwise shall be treated as payments to Congress in respect of the Obligations and therefore shall constitute the property of Congress to the extent of the then outstanding Obligations.

(b) Buyer and its shareholders, directors, employees, agents, Subsidiaries or other Affiliates shall, acting as trustee for Congress, receive, as the property of Congress, any monies, checks, notes, drafts or any other payment relating to and/or proceeds of Accounts or other Collateral which come into their possession or under their control and immediately upon receipt thereof, shall deposit or cause the same to be deposited in the Blocked Accounts, or remit the same or cause the same to be remitted, in kind, to Congress. In no event shall the same be commingled with Buyer's own funds. Buyer agrees to reimburse Congress on demand for any amounts owed or paid to any bank or other financial institution at which a Blocked Account or investment account is established or any other bank, financial institution or other person involved in the transfer of funds to or from the Blocked Accounts or any investment account arising out of Congress's payments to or indemnification of such bank, financial institution or other person. The obligation of Buyer to reimburse Congress for such amounts pursuant to this Section 6.3 shall survive the termination or non-renewal of this Agreement.

6.4 Payments.

(a) All Obligations shall be payable to the Congress Payment Account as provided in Section 6.3 or such other place as Congress may designate from time to time. Congress shall apply payments received or collected from Buyer or for the account of Buyer (including the monetary proceeds of collections or of realization upon any Collateral) as follows: first, to pay any fees, indemnities or expense reimbursements then due to Congress from Buyer; second, to pay interest due in respect of the Acquisition Accommodation; third, to pay principal due in respect of the Acquisition Accommodation; fourth, to pay or prepay any other Obligations whether or not then due, in such order and manner as Congress determines. Any payments received by Congress which are not applied to the Obligations shall, at Congress's option, be held as cash collateral for the Obligations. Such cash collateral shall constitute part of the Collateral. Such cash collateral shall be held by Congress in an account designated by Congress for such purposes in its books and records and may be commingled with Congress's own funds. Buyer shall receive a credit on a monthly basis to its loan account maintained by Congress on the funds so held by Congress at a rate equal to _____ percent per annum less than the Prime Rate (adjusted effective on the first day of the month after any change in such Prime Rate is announced based on the Prime Rate in effect on the last day of the month in which any such change occurs) as calculated by Congress. So long as no act, condition or event, which with notice, lapse of time or both, would constitute an Event of Default or Event of Default shall exist or have occurred and be continuing, amounts received by Congress from Buyer pursuant to the foregoing which are not applied to the Obligations or at the option of Congress, held as cash collateral pursuant to the provisions of this Section 6.4 shall, upon the request of Buyer received by Congress on or before 11:00 a.m. New York City time on any Business Day, be remitted to Buyer.

(b) At Congress's option, all principal, interest, fees, costs, expenses and other charges provided for in this Agreement or the other Note Agreements may be charged directly to the indebtedness ledger(s) of Buyer. Buyer shall make all payments to Congress on the Obligations free and clear of, and without deduction or withholding for or on account of, any

setoff, counterclaim, defense, duties, taxes, levies, imposts, fees, deductions, withholding, restrictions or conditions of any kind. If after receipt of any payment of, or proceeds of Collateral applied to the payment of, any of the Obligations, Congress is required to surrender or return such payment or proceeds to any Person for any reason, then the Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall continue in full force and effect as if such payment or proceeds had not been received by Congress. Buyer shall be liable to pay to Congress, and does hereby indemnify and hold Congress harmless for the amount of any payments or proceeds surrendered or returned. This Section 6.4 shall remain effective notwithstanding any contrary action which may be taken by Congress in reliance upon such payment or proceeds. This Section 6.4 shall survive the payment of the Obligations and the termination or non-renewal of this Agreement.

SECTION 7. COLLATERAL REPORTING AND COLLATERAL COVENANTS

7.1 Collateral Reporting.

(a) Buyer shall provide Congress with the following documents in a form satisfactory to Congress:

(i) on a weekly basis (or less frequently as required by Congress), a schedule of sales made, credits issued and cash received;

(ii) as soon as possible after the end of each month (but in any event within ten (10) days after the end thereof), on a monthly basis or more frequently as Congress may request, (A) with respect to Inventory of Buyer, if any (1) perpetual inventory reports, and (2) inventory reports by location and category (including identifying Inventory at locations owned and operated by third parties or on consignment), (B) agings of accounts payable (and including information indicating the status of payments to owners and lessors of the leased premises of Buyer), (C) agings of accounts receivable (together with a reconciliation to the previous month's aging and general ledger) and (D) a list of the licenses then in effect, together with such other information with respect thereto as Congress may reasonably request,

(iii) upon Congress's request, (A) copies of customer statements, purchase orders, sales invoices, credit memos, remittance advices and reports, and copies of deposit slips and bank statements, (B) copies of shipping and delivery documents, and (C) copies of purchase orders, invoices and delivery documents for Inventory and Equipment acquired by Buyer;

(iv) such other reports as to the Collateral as Congress shall reasonably request from time to time; and

(b) If any of Buyer's records or reports of the Collateral are prepared or maintained by an accounting service, contractor, shipper or other agent, Buyer hereby irrevocably authorizes such service, contractor, shipper or agent to deliver such records, reports, and related documents

to Congress and to follow Congress's instructions with respect to further services at any time that an Event of Default exists or has occurred and is continuing.

7.2 Power of Attorney. Buyer hereby irrevocably designates and appoints Congress (and all persons designated by Congress) as Buyer's true and lawful attorney-in-fact coupled with an interest, and authorizes Congress, in Buyer's or Congress's name, to: (a) at any time an Event of Default exists or has occurred and is continuing (i) demand payment on Receivables or other Collateral, (ii) enforce payment of Receivables by legal proceedings or otherwise, (iii) exercise all of Buyer's rights and remedies to collect any Receivable or other Collateral, (iv) sell or assign any Receivable upon such terms, for such amount and at such time or times as the Congress deems advisable, (v) settle, adjust, compromise, extend or renew an Account, (vi) discharge and release any Receivable, (vii) prepare, file and sign Buyer's name on any proof of claim in bankruptcy or other similar document against an account debtor or other obligor in respect of any Receivables or other Collateral, (viii) notify the post office authorities to change the address for delivery of remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral to an address designated by Congress, and open and dispose of all mail addressed to Buyer and handle and store all mail relating to the Collateral; and (ix) do all acts and things which are necessary, in Congress's determination, to fulfill Buyer's obligations under this Agreement and the other Note Agreements and (b) at any time to (i) take control in any manner of any item of payment in respect of Receivables or constituting Collateral or otherwise received in or for deposit in the Blocked Accounts or otherwise received by Congress, (ii) have access to any lockbox or postal box into which remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral are sent or received, (iii) endorse Buyer's name upon any items of payment in respect of Receivables or constituting Collateral or otherwise received by Congress and deposit the same in Congress's account for application to the Obligations, (iv) endorse Buyer's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Receivable or any goods pertaining thereto or any other Collateral, including any warehouse or other receipts, or bills of lading and other negotiable or non-negotiable documents, (v) sign Buyer's name on any verification of Receivables and notices thereof to account debtors or any secondary obligors or other obligors in respect thereof. Buyer hereby releases Congress and its officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Congress's own gross negligence or wilful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction.

7.3 Right to Cure. Congress may, at its option, (and so long as Buyer has not taken such action within a reasonable time after such notice, but in any event within five (5) days after such notice, unless Congress determines in good faith that under the circumstances it is necessary to act sooner) (a) upon notice to Buyer, cure any default by Buyer under any material agreement with a third party that affects the Collateral, its value or the ability of Congress to collect, sell or otherwise dispose of the Collateral or the rights and remedies of Congress therein or the ability of Buyer to perform its obligations hereunder or under the other Note Agreements, (b) pay or bond on appeal any judgment entered against Buyer, (c) discharge taxes, liens, security interests or

other encumbrances at any time levied on or existing with respect to the Collateral and (d) pay any amount, incur any expense or perform any act which, in Congress's judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Congress with respect thereto. Congress may add any amounts so expended to the Obligations and charge Buyer's account therefor, such amounts to be repayable by Buyer on demand. Congress shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of Buyer. Any payment made or other action taken by Congress under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

7.4 Intellectual Property. Upon Congress's request, Buyer shall, at its expense, no more than once in any twelve (12) month period, but at any time or times as Congress may request on or after an Event of Default, deliver or cause to be delivered to Congress written reports or appraisals as to the Intellectual Property in form, scope and methodology acceptable to Congress and by an appraiser acceptable to Congress, addressed to Congress and upon which Congress is expressly permitted to rely.

7.5 Collateral Matters. Congress may, at its option, from time to time, make such disbursements and advances (collectively, the "Advances"), which Congress, in its good faith discretion, deems necessary or desirable (i) either to preserve or protect the Collateral or to prepare for sale or lease or disposition of the Collateral (or any portion thereof) or (ii) to enhance the likelihood or maximize the amount of repayment by Buyer of the Acquisition Accommodation and other Obligations, or (iii) to pay any other amount payable by Buyer pursuant to the terms of this Agreement or any of the other Note Agreements consisting of costs, fees and expenses, including, without limitation, costs, fees and expenses as described in Section 9.19. Advances shall be repayable on demand and be secured by the Collateral. Except as otherwise expressly provided below, Advances shall not constitute the Acquisition Accommodation (except as set forth below) but shall otherwise constitute Obligations hereunder. The Advances shall constitute Obligations hereunder which may be charged to the indebtedness ledger of Buyer in accordance with Section 6.4(b) hereof. Congress shall notify Buyer of such Advance, which notice shall include a description of the purpose of such Advance. Notwithstanding anything in this Section 7.4 to the contrary, Congress may (in its discretion) elect to convert an Advance to be an additional Acquisition Accommodation (an "Acquisition Accommodation Advance"), without any approval of Buyer. Upon such conversion, such Acquisition Accommodation Advance shall be added to the outstanding principal amount of the Acquisition Accommodation and shall otherwise bear interest and be payable hereunder as if it had originally been part of the outstanding principal of such Acquisition Accommodation.

7.6 Access to Premises. From time to time as requested by Congress, at the cost and expense of Buyer, (a) Congress or its designee shall have complete access to all of Buyer's premises during normal business hours and after reasonable prior notice to Buyer, or at any time and without notice to Buyer if an Event of Default exists or has occurred and is continuing, for the purposes of inspecting, verifying and auditing the Collateral and all of Buyer's books and records, including the Records, and (b) Buyer shall promptly furnish to Congress such copies of

such books and records or extracts therefrom as Congress may request, and (c) Congress or its designee may use during normal business hours such of Buyer's personnel, equipment, supplies and premises as may be reasonably necessary for the foregoing and if an Event of Default exists or has occurred and is continuing for the collection of Receivables and realization of other Collateral.

SECTION 8. REPRESENTATIONS AND WARRANTIES

Buyer hereby represents and warrants to Congress the following (which shall survive the execution and delivery of this Agreement), the truth and accuracy of which are a continuing condition of the making of Acquisition Accommodation by Congress to Buyer:

8.1 Limited Liability Company Existence; Power and Authority. Buyer is a limited liability company duly organized and in good standing under the laws of its state of formation and is duly qualified as a foreign corporation and in good standing in all states or other jurisdictions where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except for those jurisdictions in which the failure to so qualify would not have a material adverse effect on Buyer's financial condition, results of operation or business or the rights of Congress in or to any of the Collateral. The execution, delivery and performance of this Agreement, the other Note Agreements and the transactions contemplated hereunder and thereunder (a) are all within Buyer's limited liability company powers, (b) have been duly authorized, (c) are not in contravention of law or the terms of Buyer's certificate of formation, by-laws, or other organizational documentation, or any indenture, agreement or undertaking to which Buyer is a party or by which Buyer or its property are bound and (d) will not result in the creation or imposition of, or require or give rise to any obligation to grant, any lien, security interest, charge or other encumbrance upon any property of Buyer. This Agreement and the other Note Agreements constitute legal, valid and binding obligations of Buyer enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

8.2 Name; State of Organization; Chief Executive Office; Collateral Locations.

(a) The exact legal name of Buyer is as set forth on the signature page of this Agreement and in the Information Certificate. Buyer has not, during the five years immediately prior to the date of this Agreement, been known by or used any other limited liability company or fictitious name or been a party to any merger or consolidation, or acquired all or substantially all of the assets of any Person, or acquired any of its property or assets out of the ordinary course of business, except as set forth in the Information Certificate.

(b) Buyer is an organization of the type and organized in the jurisdiction set forth in the Information Certificate. The Information Certificate accurately sets forth the organizational

identification number of Buyer or accurately states that Buyer has none and accurately sets forth the federal employer identification number of Buyer.

(c) The chief executive office and mailing address of Buyer and Buyer's Records concerning Accounts are located only at the address identified as such in Schedule 8.2 to the Information Certificate and its only other places of business and the only other locations of Collateral, if any, are the addresses set forth in Schedule 8.2 to the Information Certificate, subject to the right of Buyer to establish new locations in accordance with Section 9.2 below. The Information Certificate correctly identifies any of such locations which are not owned by Buyer and sets forth the owners and/or operators thereof.

8.3 Financial Statements; No Material Adverse Change. All financial statements relating to Buyer which have been or may hereafter be delivered by Buyer to Congress have been prepared in accordance with GAAP (except as to any interim financial statements, to the extent such statements are subject to normal year-end adjustments and do not include any notes) and fairly present the financial condition and the results of operation of Buyer as at the dates and for the periods set forth therein. Except as disclosed in any interim financial statements furnished by Buyer to Congress prior to the date of this Agreement, there has been no material adverse change in the assets, liabilities, properties and condition, financial or otherwise, of Buyer, since the date of the most recent audited financial statements furnished by Buyer to Congress prior to the date of this Agreement.

8.4 Priority of Liens; Title to Properties. The security interests and liens granted to Congress under this Agreement and the other Note Agreements constitute valid and perfected first priority liens and security interests in and upon the Collateral subject only to the liens indicated on Schedule 8.4 to the Information Certificate and the other liens permitted under Section 9.8 hereof. Buyer has good and marketable fee simple title to or valid leasehold interests in all of its Real Property and good, valid and merchantable title to all of its other properties and assets (other than the Foreign Trademarks as permitted in accordance with Section 8.11 hereof) subject to no liens, mortgages, pledges, security interests, encumbrances or charges of any kind, except those granted to Congress and such others as are specifically listed on Schedule 8.4 to the Information Certificate or permitted under Section 9.8 hereof.

8.5 Tax Returns. Buyer has filed, or caused to be filed, in a timely manner all material tax returns, reports and declarations which are required to be filed by it. All information in such tax returns, reports and declarations is complete and accurate in all material respects. Buyer has paid or caused to be paid all taxes due and payable or claimed due and payable in any assessment received by it, except taxes the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to Buyer and with respect to which adequate reserves have been set aside on its books. Adequate provision has been made for the payment of all accrued and unpaid Federal, State, county, local, foreign and other taxes whether or not yet due and payable and whether or not disputed.

8.6 Litigation. Except as set forth on Schedule 8.6 to the Information Certificate, (a) there is no investigation by any Governmental Authority pending, or to the best of Buyer's knowledge threatened, against or affecting Buyer or its assets or business and (b) there is no action, suit, proceeding or claim by any Person pending, or to the best of Buyer's knowledge threatened, against Buyer, or its assets or goodwill, or against or affecting any transactions contemplated by this Agreement, in each case, which if adversely determined against Buyer has or could reasonably be expected to have a Material Adverse Effect. Without limitation upon the foregoing, attached hereto as Schedule 8.6 is a true, complete and correct report of the status of the "Mikeda" litigation.

8.7 Compliance with Other Agreements and Applicable Laws. Buyer is not in default in any material respect under, or in violation in any material respect of any of the terms of, any agreement, contract, instrument, lease or other commitment to which it is a party or by which it or any of its assets are bound and Buyer is in compliance in all material respects with all applicable provisions of laws, rules, regulations, licenses, permits, approvals and orders of any foreign, Federal, State or local Governmental Authority.

8.8 Environmental Compliance.

(a) Except as set forth on Schedule 8.8 to the Information Certificate, Buyer and any Subsidiary have not generated, used, stored, treated, transported, manufactured, handled, produced or disposed of any Hazardous Materials, on or off its premises (whether or not owned by it) in any manner which at any time violates any applicable Environmental Law or any license, permit, certificate, approval or similar authorization thereunder and the operations of Buyer and any Subsidiary complies in all material respects with all Environmental Laws and all licenses, permits, certificates, approvals and similar authorizations thereunder where the failure to so comply would have a Material Adverse Effect.

(b) Except as set forth on Schedule 8.8 to the Information Certificate, there has been no investigation, proceeding, complaint, order, directive, claim, citation or notice by any Governmental Authority or any other person nor is any pending or to the best of Buyer's knowledge threatened, with respect to any non-compliance with or violation of the requirements of any Environmental Law by Buyer and any Subsidiary or the release, spill or discharge, threatened or actual, of any Hazardous Material or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials or any other environmental, health or safety matter, which affects Buyer or its business, operations or assets or any properties at which Buyer has transported, stored or disposed of any Hazardous Materials which in any case would reasonably be expected to have a Material Adverse Effect.

(c) Buyer and its Subsidiaries have no material liability (contingent or otherwise) in connection with a release, spill or discharge, threatened or actual, of any Hazardous Materials or the generation, use, storage, treatment, transportation, manufacture, handling, production or disposal of any Hazardous Materials, which in any case would reasonably be expected to have a Material Adverse Effect.

(d) Buyer and its Subsidiaries have all material licenses, permits, certificates, approvals or similar authorizations required to be obtained or filed in connection with the operations of Buyer under any Environmental Law and all of such licenses, permits, certificates, approvals or similar authorizations are valid and in full force and effect.

8.9 Employee Benefits.

(a) Each Plan is in material compliance with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service and to the best of Buyer's knowledge, nothing has occurred which would cause the loss of such qualification. Buyer and its ERISA Affiliates have made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or to the best of Buyer's knowledge, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) the current value of each Plan's assets (determined in accordance with the assumptions used for funding such Plan pursuant to Section 412 of the Code) are not less than such Plan's liabilities under Section 4001(a)(16) of ERISA; (iii) Buyer and its ERISA Affiliates have not incurred and do not reasonably expect to incur, any liability under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) Buyer and its ERISA Affiliates have not incurred and do not reasonably expect to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) Buyer and its ERISA Affiliates have not engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

8.10 Bank Accounts. All of the deposit accounts, investment accounts or other accounts in the name of or used by Buyer maintained at any bank or other financial institution are set forth in Schedule 8.10 to the Information Certificate, subject to the right of Buyer to establish new accounts in accordance with Section 5.2 hereof.

8.11 Intellectual Property. Buyer owns or licenses or otherwise has the right to use all Intellectual Property necessary for the operation of its business as presently conducted or proposed to be conducted except for the trademarks identified on Schedule 8.11(a) hereto (the "Foreign Trademarks"). Buyer agrees to take all action necessary, including without limitation all of the actions set forth on Schedule 8.11(b), to reflect its ownership interest in the Foreign Trademarks and Congress's first priority security interest therein within, in the case of Foreign

Trademarks issued, registered or otherwise governed by the laws of the United Kingdom, Canada, China, Japan or Korea (collectively, the "Primary Jurisdictions") seventy-five (75) days after the date hereof and, in the case of Foreign Trademarks issued, registered or otherwise governed by the laws of a jurisdiction other than the United States or one of the Primary Jurisdictions, within seventy-five (75) days after any request by Congress that Buyer take any such actions to reflect such ownership interest or security interest. As of the date hereof, Buyer does not have any Intellectual Property registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Schedule 8.11(a) to the Information Certificate hereto and has not granted any licenses with respect thereto other than as set forth in Schedule 8.11(a) to the Information Certificate. No event has occurred which permits or would permit after notice or passage of time or both, the revocation, suspension or termination of such rights except with respect to the Foreign Trademarks as set forth in Schedule 8.11 to the Information Certificate. To the best of Buyer's knowledge, no slogan or other advertising device, product, process, method, substance or other Intellectual Property or goods bearing or using any Intellectual Property presently contemplated to be sold by or employed by Buyer infringes any patent, trademark, servicemark, tradename, copyright, license or other Intellectual Property owned by any other Person presently and no claim or litigation is pending or threatened against or affecting Buyer contesting its right to sell or use any such Intellectual Property other than the Foreign Trademarks as set forth in Schedule 8.11(a) to the Information Certificate. Schedule 8.11 to the Information Certificate sets forth all of the agreements or other arrangements of Buyer pursuant to which Buyer has a license or other right to use any trademarks, logos, designs, representations or other Intellectual Property owned by another person as in effect on the date hereof and the dates of the expiration of such agreements or other arrangements of Buyer as in effect on the date hereof (collectively, together with such agreements or other arrangements as may be entered into by Buyer after the date hereof, collectively, the "License Agreements" and individually, a "License Agreement"). No trademark, servicemark or other Intellectual Property at any time used by Buyer which is owned by another person, or owned by Buyer subject to any security interest, lien, collateral assignment, pledge or other encumbrance in favor of any person other than Congress, is affixed to any Inventory, except to the extent permitted under the terms of the License Agreements listed on Schedule 8.11 to the Information Certificate.

8.12 Subsidiaries; Affiliates; Capitalization; Solvency.

(a) Buyer does not have any direct or indirect Subsidiaries or Affiliates and is not engaged in any joint venture or partnership except as set forth in Schedule 8.12 to the Information Certificate, subject to the right of Buyer to form or acquire Subsidiaries in accordance with Section 9.10 hereof.

(b) Buyer is the record and beneficial owner of all of the issued and outstanding shares of Capital Stock of each of the Subsidiaries listed on Schedule 8.12 to the Information Certificate as being owned by Buyer and there are no proxies, irrevocable or otherwise, with respect to such shares and no equity securities of any of the Subsidiaries are or may become

required to be issued by reason of any options, warrants, rights to subscribe to, calls or commitments of any kind or nature and there are no contracts, commitments, understandings or arrangements by which any Subsidiary is or may become bound to issue additional shares of it Capital Stock or securities convertible into or exchangeable for such shares.

(c) The issued and outstanding shares of Capital Stock of Buyer are directly and beneficially owned and held by the persons indicated in the Information Certificate, and in each case all of such shares have been duly authorized and are fully paid and non-assessable, free and clear of all claims, liens, pledges and encumbrances of any kind, except as disclosed in writing to Congress prior to the date hereof.

8.13 Labor Disputes.

(a) Set forth on Schedule 8.13 to the Information Certificate is a list (including dates of termination) of all collective bargaining or similar agreements between or applicable to Buyer and any union, labor organization or other bargaining agent in respect of the employees of Buyer on the date hereof.

(b) There is (i) no significant unfair labor practice complaint pending against Buyer or, to the best of Buyer's knowledge, threatened against it, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is pending on the date hereof against Buyer or, to best of Buyer's knowledge, threatened against it, and (ii) no significant strike, labor dispute, slowdown or stoppage is pending against Buyer or, to the best of Buyer's knowledge, threatened against Buyer.

8.14 Restrictions on Subsidiaries. Except for restrictions contained in this Agreement or any other agreement with respect to Indebtedness of Buyer permitted hereunder as in effect on the date hereof, there are no contractual or consensual restrictions on Buyer or any of its Subsidiaries which prohibit or otherwise restrict (a) the transfer of cash or other assets (i) between Buyer and any of its Subsidiaries or (ii) between any Subsidiaries of Buyer or (b) the ability of Buyer or any of its Subsidiaries to incur Indebtedness or grant security interests to Congress in the Collateral.

8.15 Material Contracts. Schedule 8.15 to the Information Certificate sets forth all Material Contracts to which Buyer is a party or is bound as of the date hereof. Buyer has delivered true, correct and complete copies of such Material Contracts to Congress on or before the date hereof. Buyer is not in breach of or in default under any Material Contract and has not received any notice of the intention of any other party thereto to terminate any Material Contract.

8.16 Accuracy and Completeness of Information. All information furnished by or on behalf of Buyer in writing to Congress in connection with this Agreement or any of the other Note Agreements or any transaction contemplated hereby or thereby, including all information on the Information Certificate is true and correct in all material respects on the date as of which such

information is dated or certified and does not omit any material fact necessary in order to make such information not misleading. No event or circumstance has occurred which has had or could reasonably be expected to have a Material Adverse Effect, which has not been fully and accurately disclosed to Congress in writing prior to the date hereof.

8.17 Survival of Warranties; Cumulative. All representations and warranties contained in this Agreement or any of the other Note Agreements shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to Congress on the date of each additional borrowing or other credit accommodation hereunder and shall be conclusively presumed to have been relied on by Congress regardless of any investigation made or information possessed by Congress. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which Buyer shall now or hereafter give, or cause to be given, to Congress.

SECTION 9. AFFIRMATIVE AND NEGATIVE COVENANTS

9.1 Maintenance of Existence.

(a) Buyer shall at all times preserve, renew and keep in full force and effect its limited liability company existence and rights and franchises with respect thereto and maintain in full force and effect all permits, licenses, trademarks, tradenames, approvals, authorizations, leases and contracts necessary to carry on the business as presently or proposed to be conducted.

(b) Buyer shall not change its name unless each of the following conditions is satisfied: (i) Congress shall have received not less than thirty (30) days prior written notice from Buyer of such proposed change in its company name, which notice shall accurately set forth the new name; and (ii) Congress shall have received a copy of the amendment to the Certificate of Formation of Buyer providing for the name change certified by the Secretary of State of the jurisdiction of incorporation or organization of Buyer as soon as it is available.

(c) Buyer shall not change its chief executive office or its mailing address or organizational identification number (or if it does not have one, shall not acquire one) unless Congress shall have received not less than twenty (20) days' prior written notice from Buyer of such proposed change, which notice shall set forth such information with respect thereto as Congress may require and Congress shall have received such agreements as Congress may reasonably require in connection therewith. Buyer shall not change its type of organization, jurisdiction of organization or other legal structure.

9.2 New Collateral Locations. Buyer may only establish new locations of its business or Collateral so long as such new location is within the United States of America and Buyer (a) gives Congress thirty (30) days prior written notice from Buyer of the intended opening of any such new location and (b) executes and delivers, or causes to be executed and delivered, to Congress such agreements, documents, and instruments as Congress may deem necessary or desirable to protect its interests in the Collateral at such location.

9.3 Compliance with Laws, Regulations, Etc.

(a) Buyer shall, and shall cause any Subsidiary to, at all times, comply in all material respects with all laws, rules, regulations, licenses, permits, approvals and orders applicable to it and duly observe all requirements of any foreign, Federal, State or local Governmental Authority.

(b) Buyer shall give written notice to Congress immediately upon Buyer's receipt of any notice of, or Buyer's otherwise obtaining knowledge of, (i) the occurrence of any event involving the release, spill or discharge, threatened or actual, of any Hazardous Material or (ii) any investigation, proceeding, complaint, order, directive, claims, citation or notice with respect to: (A) any non-compliance with or violation of any applicable Environmental Law by Buyer or (B) the release, spill or discharge, threatened or actual, of any Hazardous Material other than in the ordinary course of business and other than as permitted under any applicable Environmental Law. Copies of all environmental surveys, audits, assessments, feasibility studies and results of remedial investigations shall be promptly furnished, or caused to be furnished, by Buyer to Congress. Buyer shall take prompt and appropriate action to respond to any non-compliance with any of the Environmental Laws and shall regularly report to Congress on such response.

(c) Without limiting the generality of the foregoing, whenever Congress reasonably determines that there is non-compliance, or any condition which requires any action by or on behalf of Buyer in order to avoid any material non-compliance, with any Environmental Law, that will have a Material Adverse Effect, Buyer shall, at Congress's request and Buyer's expense: (i) cause an independent environmental engineer acceptable to Congress to conduct such tests of the site where Buyer's non-compliance or alleged non-compliance with such Environmental Laws has occurred as to such non-compliance and prepare and deliver to Congress a report as to such non-compliance setting forth the results of such tests, a proposed plan for responding to any environmental problems described therein, and an estimate of the costs thereof and (ii) provide to Congress a supplemental report of such engineer whenever the scope of such non-compliance, or Buyer's response thereto or the estimated costs thereof, shall change in any material respect.

(d) Buyer shall indemnify and hold harmless Congress, its directors, officers, employees, agents, invitees, representatives, successors and assigns, from and against any and all losses, claims, damages, liabilities, costs, and expenses (including attorneys' fees and legal expenses) directly or indirectly arising out of or attributable to the use, generation, manufacture, reproduction, storage, release, threatened release, spill, discharge, disposal or presence of a Hazardous Material, including the costs of any required or necessary repair, cleanup or other remedial work with respect to any property of Buyer and the preparation and implementation of any closure, remedial or other required plans. All representations, warranties, covenants and indemnifications in this Section 9.3 shall survive the payment of the Obligations and the termination or non-renewal of this Agreement.

9.4 Payment of Taxes and Claims. Buyer shall, and shall cause any Subsidiary to, duly pay and discharge all taxes, assessments, contributions and governmental charges upon or against

it or its properties or assets, except for taxes the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to Buyer or such Subsidiary, as the case may be, and with respect to which adequate reserves have been set aside on its books. Buyer shall be liable for any tax or penalties imposed on Congress as a result of the financing arrangements provided for herein and Buyer agrees to indemnify and hold Congress harmless with respect to the foregoing, and to repay to Congress on demand the amount thereof, and until paid by Buyer such amount shall be added and deemed part of the Acquisition Accommodation, provided, that, nothing contained herein shall be construed to require Buyer to pay any income or franchise taxes attributable to the income of Congress from any amounts charged or paid hereunder to Congress. The foregoing indemnity shall survive the payment of the Obligations and the termination or non-renewal of this Agreement.

9.5 Insurance. Buyer shall, and shall cause any Subsidiary to, at all times, maintain with financially sound and reputable insurers insurance with respect to the Collateral against loss or damage and all other insurance of the kinds and in the amounts customarily insured against or carried by corporations/limited liability companies of established reputation engaged in the same or similar businesses and similarly situated. Said policies of insurance shall be satisfactory to Congress as to form, amount and insurer. Buyer shall furnish certificates, policies or endorsements to Congress as Congress shall require as proof of such insurance, and, if Buyer fails to do so, Congress is authorized, but not required, to obtain such insurance at the expense of Buyer. All policies shall provide for at least thirty (30) days prior written notice to Congress of any cancellation or reduction of coverage and that Congress may act as attorney for Buyer in obtaining, and at any time an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance. Buyer shall cause Congress to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies and Buyer shall obtain non-contributory Congress's loss payable endorsements to all insurance policies in form and substance satisfactory to Congress. Such Congress's loss payable endorsements shall specify that the proceeds of such insurance shall be payable to Congress as its interests may appear and further specify that Congress shall be paid regardless of any act or omission by Buyer or any of its Affiliates. At its option, Congress may apply any insurance proceeds received by Congress at any time to the cost of repairs or replacement of Collateral and/or to payment of the Obligations, whether or not then due, in any order and in such manner as Congress may determine or hold such proceeds as cash collateral for the Obligations.

9.6 Financial Statements and Other Information.

(a) Buyer shall, and shall cause any Subsidiary to, keep proper books and records in which true and complete entries shall be made of all dealings or transactions of or in relation to the Collateral and the business of Buyer and its Subsidiaries in accordance with GAAP. Buyer shall promptly furnish to Congress all such financial and other information as Congress shall reasonably request relating to the Collateral and the assets, business and operations of Buyer, and shall notify the auditors and accountants of Buyer that Congress is authorized to obtain such information directly from them. Without limiting the foregoing, Buyer shall furnish or cause to be furnished to Congress, the following: (i) within twenty (20) days after the end of each fiscal

month, monthly unaudited consolidated financial statements and unaudited consolidating financial statements (including in each case balance sheets, statements of income and loss, statements of cash flow, and statements of shareholders' equity), all in reasonable detail, fairly presenting the financial position and the results of the operations of Buyer and its Subsidiaries as of the end of and through such fiscal month, certified to be correct by the chief financial officer of Buyer, subject to normal year-end adjustments and accompanied by a compliance certificate substantially in the form of Exhibit B hereto, along with a schedule in form reasonably satisfactory to Congress of the calculations used in determining, as of the end of such month, whether Buyer was in compliance with the covenant set forth in Sections 9.17 and 9.18 of this Agreement for such month and (ii) within ninety (90) days after the end of each fiscal year, audited consolidated financial statements and unaudited consolidating financial statements of Buyer and its Subsidiaries (including in each case balance sheets, statements of income and loss, statements of cash flow and statements of shareholders' equity), and the accompanying notes thereto, all in reasonable detail, fairly presenting the financial position and the results of the operations of Buyer and its Subsidiaries as of the end of and for such fiscal year, together with the unqualified opinion of independent certified public accountants, which accountants shall be an independent accounting firm selected by Buyer and reasonably acceptable to Congress, that such financial statements have been prepared in accordance with GAAP, and present fairly the results of operations and financial condition of Buyer and its Subsidiaries as of the end of and for the fiscal year then ended.

(b) Buyer shall promptly notify Congress in writing of the details of (i) any loss, damage, investigation, action, suit, proceeding or claim relating to the Collateral or any other property which is security for the Obligations or which would result in any material adverse change in Buyer's business, properties, assets, goodwill or condition, financial or otherwise, (ii) any Material Contract of Buyer being terminated or amended or any new Material Contract entered into (in which event Buyer shall provide Congress with a copy of such Material Contract), (iii) any order, judgment or decree in excess of \$50,000 shall have been entered against Buyer or any of its properties or assets, (iv) any notification of violation of laws or regulations received by Buyer, (v) any ERISA Event, and (vi) the occurrence of any Default or Event of Default.

(c) Buyer shall promptly after the sending or filing thereof furnish or cause to be furnished to Congress copies of all reports which Buyer sends to its stockholders generally and copies of all reports and registration statements which Buyer files with the Securities and Exchange Commission, any national securities exchange or the National Association of Securities Dealers, Inc.

(d) Buyer shall furnish or cause to be furnished to Congress such budgets, forecasts, projections and other information respecting the Collateral and the business of Buyer, as Congress may, from time to time, reasonably request. Congress is hereby authorized to deliver a copy of any financial statement or any other information relating to Buyer to any court or other Governmental Authority, to any Affiliate of Congress or to any participant or assignee or prospective participant or assignee. Buyer hereby irrevocably authorizes and directs all

accountants or auditors to deliver to Congress, at Buyer's expense, copies of the financial statements of Buyer and any reports or management letters prepared by such accountants or auditors on behalf of Buyer and to disclose to Congress such information as they may have regarding the business of Buyer. Any documents, schedules, invoices or other papers delivered to Congress may be destroyed or otherwise disposed of by Congress one (1) year after the same are delivered to Congress, except as otherwise designated by Buyer to Congress in writing.

9.7 Sale of Assets, Consolidation, Merger, Dissolution, Etc. Buyer shall not, and shall not permit any Subsidiary to (and Congress does not authorize Buyer to), directly or indirectly,

(a) merge into or with or consolidate with any other Person or permit any other Person to merge into or with or consolidate with it; or

(b) sell, issue, assign, lease, license, transfer, abandon or otherwise dispose of any Capital Stock or Indebtedness to any other Person or any of its assets to any other Person, except for:

(i) the issuance and sale by Buyer of Capital Stock of Buyer after the date hereof; provided, that, (A) Congress shall have received not less than ten (10) Business Days prior written notice of such issuance and sale by Buyer, which notice shall specify the parties to whom such shares are to be sold, the terms of such sale, the total amount which it is anticipated will be realized from the issuance and sale of such stock and the net cash proceeds which it is anticipated will be received by Buyer from such sale, (B) Buyer shall not be required to pay any cash dividends or repurchase or redeem such Capital Stock or make any other payments in respect thereof, (C) the terms of such Capital Stock, and the terms and conditions of the purchase and sale thereof, shall not include any terms that include any limitation on the right of Buyer to request or receive the Acquisition Accommodation or the right of Buyer to amend or modify any of the terms and conditions of this Agreement or any of the other Note Agreements or otherwise in any way relate to or affect the arrangements of Buyer with Congress or are more restrictive or burdensome to Buyer than the terms of any Capital Stock in effect on the date hereof, (D) except as Congress may otherwise agree in writing, all of the proceeds from such sale and issuance shall be paid to Congress for application to the Obligations in such order and manner as Congress may determine, and (E) as of the date of such issuance and sale and after giving effect thereto, no Default or Event of Default shall exist or have occurred;

(ii) the disposition of worn-out or obsolete Equipment so long as (A) any proceeds are paid to Congress and (B) such sales do not involve Equipment having an aggregate fair market value in excess of _____ all such Equipment disposed of in any fiscal year of Buyer;

(iii) the disposition of investment property subject to an Investment Property Control Agreement, as permitted pursuant to the terms thereof;

(iv) the grant by Buyer of a non-exclusive or exclusive license after the date hereof to any person(s) for the use of any Intellectual Property owned by Buyer; provided, that, as to any such license, each of the following conditions is satisfied: (A) each such license shall be on commercially reasonable prices and terms in a bona fide arms'-length transaction, (B) any rights of such Buyer or Guarantor shall be subject to the rights of Congress in such Intellectual Property (including the rights of Congress to dispose of such Intellectual Property upon an Event of Default), (C) such license shall not impair, hinder or otherwise adversely affect the rights of Congress, (D) any such licensee shall have agreed to remit all payments due to Buyer in respect of such license to the Blocked Account, (E) upon Congress's request, Buyer shall deliver to Congress true, correct and complete copies of such agreements, documents and instruments in connection with such license as Congress may reasonably specify, and (F) at the time of the grant of the license and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing;

(v) the existing licenses of Intellectual Property owned by Buyer set forth on Schedule 9.7(b) hereto; provided, that, as to each such license: (A) Congress shall have received true, correct and complete copies of all agreements relating to such license arrangements and such other information with respect thereto as Congress may reasonably request from time to time (B) any such licensee shall have agreed to remit all payments due to Buyer in respect of such license to the Blocked Account, and (C) in no event shall Buyer amend or change such arrangements so as to limit or impair the rights of Buyer (or Congress) to use and dispose of the trademarks subject to such license arrangements or to increase or create any liabilities of Buyer in connection with such license arrangements;

(c) wind up, liquidate or dissolve; or

(d) agree to do any of the foregoing.

9.8 Encumbrances. Buyer shall not, and shall not permit any Subsidiary to, create, incur, assume, suffer or permit to exist any security interest, mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets or properties, including the Collateral, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any security interest or lien with respect to any such assets or properties, except: (a) the security interests and liens of Congress; (b) liens securing the payment of taxes, either not yet overdue or the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to Buyer or such Subsidiary, as the case may be and with respect to which adequate reserves have been set aside on its books; (c) non-consensual statutory liens (other than liens securing the payment of taxes) arising in the ordinary course of Buyer's or such Subsidiary's business to the extent: (i) such liens secure Indebtedness which is not overdue or (ii) such liens secure Indebtedness relating to claims or liabilities which are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or being contested in good faith by appropriate proceedings diligently pursued and available to Buyer or such Subsidiary, in each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books; (d)

zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of Real Property which do not interfere in any material respect with the use of such Real Property or ordinary conduct of the business of Buyer or such Subsidiary as presently conducted thereon or materially impair the value of the Real Property which may be subject thereto; (e) rights of setoff of any bank against any deposit account of Buyer to the extent permitted in any Deposit Account Control Agreement; (f) purchase money security interests in Equipment (including Capital Leases) permitted under Section 9.9(b) hereof; (g) liens arising from (i) operating leases and the precautionary UCC financing statement filings in respect thereof and (ii) equipment or other materials which are not owned by Buyer located on the premises of Buyer (but not in connection with, or as part of, the financing thereof) from time to time in the ordinary course of business and consistent with current practices of Buyer and the precautionary UCC financing statement filings in respect thereof; (h) judgments and other similar liens arising in connection with court proceedings that do not constitute an Event of Default, provided, that, (i) such liens are being contested in good faith and by appropriate proceedings diligently pursued, (ii) adequate reserves or other appropriate provision, if any, as are required by GAAP have been made therefor, and (iii) a stay of enforcement of any such liens is in effect, and (i) the security interests and liens set forth on Schedule 8.4 to the Information Certificate.

9.9 Indebtedness. Buyer shall not, and shall not permit any Subsidiary to, incur, create, assume, become or be liable in any manner with respect to, suffer or permit to exist, any Indebtedness or guarantee, assume, endorse, or otherwise become responsible for (directly or indirectly) the performance, dividends or other obligations of any Person, except:

(a) the Obligations;

(b) purchase money Indebtedness (including Capital Leases) arising after the date hereof to the extent secured by purchase money security interests in Equipment (including Capital Leases) not to exceed aggregate at any time outstanding so long as such security interests and mortgages do not apply to any property of Buyer other than the Equipment so acquired, and the Indebtedness secured thereby does not exceed the cost of the Equipment so acquired, as the case may be; and

(c) the Indebtedness set forth on Schedule 9.9 to the Information Certificate; provided, that, (i) Buyer may only make regularly scheduled payments of principal and interest in respect of such Indebtedness in accordance with the terms of the agreement or instrument evidencing or giving rise to such Indebtedness as in effect on the date hereof, (ii) Buyer shall not, directly or indirectly, (A) amend, modify, alter or change the terms of such Indebtedness or any agreement, document or instrument related thereto as in effect on the date hereof except, that, Buyer may, after prior written notice to Congress, amend, modify, alter or change the terms thereof so as to extend the maturity thereof, or defer the timing of any payments in respect thereof, or to forgive or cancel any portion of such Indebtedness (other than pursuant to payments thereof), or to reduce the interest rate or any fees in connection therewith, or (B) redeem, retire, defease, purchase or otherwise acquire such Indebtedness, or set aside or otherwise deposit or invest any sums for such purpose, and (iii) Buyer shall furnish to Congress all notices or

demands in connection with such Indebtedness either received by Buyer or on its behalf, promptly after the receipt thereof, or sent by Buyer or on its behalf, concurrently with the sending thereof, as the case may be.

9.10 Loans, Investments, Etc. Buyer shall not, and shall not permit any Subsidiary to, directly or indirectly, make, or suffer or permit to exist, any loans or advance money or property to any person, or any investment in (by capital contribution, dividend or otherwise) or purchase or repurchase the Capital Stock or Indebtedness or all or a substantial part of the assets or property of any person, or form or acquire any Subsidiaries, or agree to do any of the foregoing, except:

(a) the endorsement of instruments for collection or deposit in the ordinary course of business;

(b) investments in cash or Cash Equivalents not to exceed \$1,200,000 in the aggregate, provided, that, (i) at the time of any such investment no Default or Event of Default exists, and (ii) the terms and conditions of Section 5.2 hereof shall have been satisfied with respect to the deposit account, investment account or other account in which such cash or Cash Equivalents are held;

(c) loans and advances by Buyer to employees of Buyer not to exceed the principal amount of \$20,000 in the aggregate at any time outstanding for: (i) reasonably and necessary work-related travel or other ordinary business expenses to be incurred by such employee in connection with their work for Buyer and (ii) reasonable and necessary relocation expenses of such employees (including home mortgage financing for relocated employees);

(d) stock or obligations issued to Buyer by any Person (or the representative of such Person) in respect of Indebtedness of such Person owing to Buyer in connection with the insolvency, bankruptcy, receivership or reorganization of such Person or a composition or readjustment of the debts of such Person; provided, that, the original of any such stock or instrument evidencing such obligations shall be promptly delivered to Congress, upon Congress's request, together with such stock power, assignment or endorsement by Buyer as Congress may request; and

(e) obligations of account debtors to Buyer arising from Accounts which are past due evidenced by a promissory note made by such account debtor payable to Buyer; provided, that, promptly upon the receipt of the original of any such promissory note by Buyer, such promissory note shall be endorsed to the order of Congress by Buyer and promptly delivered to Congress as so endorsed.

9.11 Dividends and Redemptions. Buyer shall not, directly or indirectly, declare or pay any dividends on account of any shares of class of Capital Stock of Buyer now or hereafter outstanding, or set aside or otherwise deposit or invest any sums for such purpose, or redeem, retire, defease, purchase or otherwise acquire any shares of any class of Capital Stock (or set

aside or otherwise deposit or invest any sums for such purpose) for any consideration or apply or set apart any sum, or make any other distribution (by reduction of capital or otherwise) in respect of any such shares or agree to do any of the foregoing, except in any case in the form of shares of Capital Stock consisting of common stock, and except that Buyer may, during each fiscal quarter or fiscal year of Buyer, pay (without duplication) cash distributions, from legally available funds therefor, to each of its members during each fiscal quarter or fiscal year of Buyer, to the extent that Buyer is a limited liability company during the fiscal year that includes such preceding fiscal quarter or fiscal year, in an amount not to exceed the estimated aggregate amount of Federal, State and local income taxes that would have been payable by Buyer, if the highest combined marginal effective rate for Federal, State and local income taxes otherwise applicable were, instead, fifty-one (51%) percent, with respect to Buyer's taxable income and gains as a corporation subject to income tax for such fiscal year; provided, further, that with respect to the payment of each such distribution (a) Lender shall have received ten (10) days prior to the payment thereof, a certificate signed by an authorized officer of Buyer, reasonably satisfactory in form and substance to Lender, stating the Buyer's taxable income or gains for such taxable quarter or year (if any) and providing full information and computations supporting such statement and (b) such distribution is not in violation of applicable law or any other agreement to which Buyer is a party or by which Buyer is bound.

9.12 Intentionally Deleted.

9.13 Transactions with Affiliates. Buyer shall not, directly or indirectly, (a) purchase, acquire or lease any property from, or sell, transfer or lease any property to, any officer, director, agent or other person affiliated with Buyer, except in the ordinary course of and pursuant to the reasonable requirements of Buyer's business and upon fair and reasonable terms no less favorable to the Buyer than Buyer would obtain in a comparable arm's length transaction with an unaffiliated person or (b) make any payments of management, consulting or other fees for management or similar services, or of any Indebtedness owing to any officer, employee, shareholder, director or other Affiliate of Buyer except reasonable compensation to officers, employees and directors for services rendered to Buyer in the ordinary course of business.

9.14 Compliance with ERISA. Buyer shall and shall cause each of its ERISA Affiliates to: (a) maintain each Plan (other than a Multiemployer Plan) in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal and State law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; (c) not terminate any of such Plans so as to incur any liability to the Pension Benefit Guaranty Corporation; (d) not allow or suffer to exist any prohibited transaction involving any of such Plans or any trust created thereunder which would subject Buyer or such ERISA Affiliate to a tax or penalty or other liability on prohibited transactions imposed under Section 4975 of the Code or ERISA; (e) make all required contributions to any Plan which it is obligated to pay under Section 302 of ERISA, Section 412 of the Code or the terms of such Plan; (f) not allow or suffer to exist any accumulated funding deficiency, whether or not waived, with respect to any such Plan; or (g) not allow or suffer to exist any occurrence of a reportable event or any other event or condition which presents a material risk of termination by the Pension

Benefit Guaranty Corporation of any such Plan that is a single employer plan, which termination could result in any liability to the Pension Benefit Guaranty Corporation.

9.15 End of Fiscal Years; Fiscal Quarters. Buyer shall, for financial reporting purposes, cause its, and each of its Subsidiaries' (a) fiscal years to end on December 31 of each year and (b) fiscal quarters to end on March 31, June 30, September 30 and December 31 of each year.

9.16 Change in Business. Buyer shall not engage in any business other than the business of Buyer on the date hereof and any business reasonably related, ancillary or complimentary to the business in which Buyer is engaged on the date hereof.

9.17 Minimum EBITDA. The EBITDA of Buyer shall be not less than the amounts set forth on Schedule 9.17 hereto for the periods specified in such Schedule.

9.18 Capital Expenditures. Buyer shall not, directly or indirectly, make any Capital Expenditures in excess of \$50,000 in any fiscal year.

9.19 License Agreements.

(a) Buyer shall (i) promptly and faithfully observe and perform all of the material terms, covenants, conditions and provisions of the material License Agreements to be observed and performed by it, at the times set forth therein, if any, (ii) not do, permit, suffer or refrain from doing anything that could reasonably be expected to result in a default under or breach of any of the terms of any material License Agreement, (iii) not cancel, surrender, modify, amend, waive or release any material License Agreement in any material respect or any term, provision or right of the licensee thereunder in any material respect, or consent to or permit to occur any of the foregoing; except, that, subject to Section 9.18(b) below, Buyer may cancel, surrender or release any material License Agreement in the ordinary course of the business of Buyer; provided, that, Buyer shall give Congress not less than thirty (30) days prior written notice of its intention to so cancel, surrender and release any such material License Agreement, (iv) give Congress prompt written notice of any material License Agreement entered into by Buyer after the date hereof, together with a true, correct and complete copy thereof and such other information with respect thereto as Congress may request, (v) give Congress prompt written notice of any material breach of any obligation, or any default, by any party under any material License Agreement, and deliver to Congress (promptly upon the receipt thereof by Buyer in the case of a notice to Buyer, and concurrently with the sending thereof in the case of a notice from Buyer) a copy of each notice of default and every other notice and other communication received or delivered by Buyer in connection with any material License Agreement which relates to the right of Buyer to continue to use the property subject to such License Agreement, and (vi) furnish to Congress, promptly upon the request of Congress, such information and evidence as Congress may require from time to time concerning the observance, performance and compliance by Buyer or the other party or parties thereto with the terms, covenants or provisions of any material License Agreement.

(b) Buyer will either exercise any option to renew or extend the term of each material License Agreement in such manner as will cause the term of such material License Agreement to be effectively renewed or extended for the period provided by such option and give prompt written notice thereof to Congress or give Congress prior written notice that Buyer does not intend to renew or extend the term of any such material License Agreement or that the term thereof shall otherwise be expiring, not less than forty-five (45) days prior to the date of any such non-renewal or expiration. In the event of the failure of Buyer to extend or renew any material License Agreement, Congress shall have, and is hereby granted, the irrevocable right and authority, at its option, to renew or extend the term of such material License Agreement, whether in its own name and behalf, or in the name and behalf of a designee or nominee of Congress or in the name and behalf of Buyer, as Congress shall determine at any time that an Event of Default shall exist or have occurred and be continuing. Congress may, but shall not be required to, perform any or all of such obligations of Buyer under any of the License Agreements, including, but not limited to, the payment of any or all sums due from Buyer thereunder. Any sums so paid by Congress shall constitute part of the Obligations.

(c) Buyer shall deliver to Congress within fourteen (14) days after the date hereof, a copy of the fully executed License Agreement, by and between Buyer, as licensor and Payless Shoe Source, Inc., as licensee, in form and substance satisfactory to Congress.

9.20 Costs and Expenses. Buyer shall pay to Congress on demand all costs, expenses, filing fees and taxes paid or payable in connection with the preparation, negotiation, execution, delivery, recording, administration, collection, liquidation, enforcement and defense of the Obligations, Congress's rights in the Collateral, this Agreement, the other Note Agreements and all other documents related hereto or thereto, including any amendments, supplements or consents which may hereafter be contemplated (whether or not executed) or entered into in respect hereof and thereof, including: (a) all costs and expenses of filing or recording (including Uniform Commercial Code financing statement filing taxes and fees, documentary taxes, intangibles taxes and mortgage recording taxes and fees, if applicable); (b) costs and expenses and fees for insurance premiums, environmental audits, surveys, assessments, engineering reports and inspections, appraisal fees and search fees, costs and expenses of remitting loan proceeds, collecting checks and other items of payment, and establishing and maintaining the Blocked Accounts, together with Congress's customary charges and fees with respect thereto; (c) costs and expenses of preserving and protecting the Collateral; (d) costs and expenses paid or incurred in connection with obtaining payment of the Obligations, enforcing the security interests and liens of Congress, selling or otherwise realizing upon the Collateral, and otherwise enforcing the provisions of this Agreement and the other Note Agreements or defending any claims made or threatened against Congress arising out of the transactions contemplated hereby and thereby (including preparations for and consultations concerning any such matters); (e) all out-of-pocket expenses and costs heretofore and from time to time hereafter incurred by Congress during the course of periodic field examinations of the Collateral and Buyer's operations, plus a per diem charge at the then standard rate of Congress per person per day for Congress's examiners in the field and office (which rate is currently \$750); and (f) the fees and disbursements of counsel (including legal assistants) to Congress in connection with any of the foregoing.

9.21 Further Assurances. At the request of Congress at any time and from time to time, Buyer shall, at its expense, duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be necessary or proper to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Note Agreements.

SECTION 10. EVENTS OF DEFAULT AND REMEDIES

10.1 Events of Default. The occurrence or existence of any one or more of the following events are referred to herein individually as an "Event of Default", and collectively as "Events of Default":

(a) (i) Buyer fails to pay (A) any interest on the Obligations within three (3) Business Days of when due or (B) any of the Obligations (other than interest) when due or (ii) Buyer or any Obligor fails to perform any of the covenants contained in Sections 9.3, 9.4, 9.13, 9.14, 9.15, and 9.16 of this Agreement and such failure shall continue for ten (10) days; provided, that, such ten (10) day period shall not apply in the case of: (A) any failure to observe any such covenant which is not capable of being cured at all or within such ten (10) day period or which has been the subject of a prior failure within a six (6) month period or (B) an intentional breach by Buyer or Obligor of any such covenant or (iii) Buyer or Obligor fails to perform any of the terms, covenants, conditions or provisions contained in this Agreement or any of the other Note Agreements other than those described in Sections 10.1(a)(i) and 10.1(a)(ii) above;

(b) any representation, warranty or statement of fact made by Buyer or any Obligor to Congress in this Agreement, the other Note Agreements or any other agreement, schedule, confirmatory assignment or otherwise shall when made or deemed made be false or misleading in any material respect;

(c) any Obligor revokes or terminates, or purports to revoke or terminate, or fails to perform any of the terms, covenants, conditions or provisions of, any guarantee, endorsement or other agreement of such party in favor of Congress;

(d) any judgment for the payment of money is rendered against Buyer or any Obligor in excess of _____, one case or in excess of _____ aggregate and shall remain undischarged or unvacated for a period in excess of thirty (30) days or execution shall at any time not be effectively stayed, or any judgment other than for the payment of money, or injunction, attachment, garnishment or execution is rendered against Buyer or any Obligor or any of their assets;

(e) any Obligor (being a natural person or a general partner of an Obligor which is a partnership) dies or Buyer or any Obligor, which is a partnership, limited liability company,

limited liability partnership or a corporation, dissolves or suspends or discontinues doing business;

(f) Buyer or any Obligor becomes insolvent (however defined or evidenced), makes an assignment for the benefit of creditors, makes or sends notice of a bulk transfer or calls a meeting of its creditors or principal creditors;

(g) a case or proceeding under the bankruptcy laws of the United States of America now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed against Buyer or any Obligor or all or any part of its properties and such petition or application is not dismissed within thirty (30) days after the date of its filing or Buyer or any Obligor shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;

(h) a case or proceeding under the bankruptcy laws of the United States of America now or hereafter in effect or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at a law or equity) is filed by Buyer or any Obligor or for all or any part of its property; or

(i) any default in respect of any Indebtedness of Buyer or any Obligor (other than Indebtedness owing to Congress), in any case in an amount in excess of _____ which default continues for more than the applicable cure period, if any, with respect thereto, or any default by Buyer or any Obligor under any Material Contract, which default continues for more than the applicable cure period, if any, with respect thereto;

(j) any material provision hereof or of any of the other Note Agreements shall for any reason cease to be valid, binding and enforceable with respect to any party hereto or thereto (other than Congress) in accordance with its terms, or any such party shall challenge the enforceability hereof or thereof, or shall assert in writing, or take any action or fail to take any action based on the assertion that any provision hereof or of any of the other Note Agreements has ceased to be or is otherwise not valid, binding or enforceable in accordance with its terms, or any security interest provided for herein or in any of the other Note Agreements shall cease to be a valid and perfected first priority security interest in any of the Collateral purported to be subject thereto (except as otherwise permitted herein or therein);

(k) an ERISA Event shall occur which results in or could reasonably be expected to result in liability of Buyer in an aggregate amount in excess of _____

(l) failure of Sunrise Capital Partners, L.P. to make an equity contribution to Buyer in accordance with the terms of the Equity Infusion Letter;

(m) any Change of Control;

(n) the indictment by any Governmental Authority, or as Congress may reasonably and in good faith determine, the threatened indictment by any Governmental Authority of Buyer or any Obligor of which Buyer, any Obligor or Congress receives notice, in either case, as to which there is a reasonable possibility of an adverse determination, in the good faith determination of Congress, under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against Buyer pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of (i) any of the Collateral having a value in excess of \$100,000, or (ii) any other property of Buyer which is necessary or material to the conduct of its business;

(o) there shall be a material adverse change in the business, assets or prospects of Buyer or any Obligor after the date hereof; or

(p) there shall be an event of default under any of the other Note Agreements.

10.2 Remedies.

(a) At any time an Event of Default exists or has occurred and is continuing, Congress shall have all rights and remedies provided in this Agreement, the other Note Agreements, the UCC and other applicable law, all of which rights and remedies may be exercised without notice to or consent by Buyer or any Obligor, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies and powers granted to Congress hereunder, under any of the other Note Agreements, the UCC or other applicable law, are cumulative, not exclusive and enforceable, in Congress's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by Buyer of this Agreement or any of the other Note Agreements. Congress may, at any time or times, proceed directly against Buyer or any Obligor to collect the Obligations without prior recourse to any Obligor or any of the Collateral.

(b) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, Congress may, in its discretion and, without limitation, (i) accelerate the payment of all Obligations and demand immediate payment thereof to Congress (provided, that, upon the occurrence of any Event of Default described in Sections 10.1(g) and 10.1(h), all Obligations shall automatically become immediately due and payable), (ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral, (iii) require Buyer, at Buyer's expense, to assemble and make available to Congress any part or all of the Collateral at any place and time designated by Congress, (iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral, (v) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other

disposition thereof or for any other purpose, (vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Congress or elsewhere) at such prices or terms as Congress may deem reasonable, for cash, upon credit or for future delivery, with the Congress having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Buyer, which right or equity of redemption is hereby expressly waived and released by Buyer and/or (vii) terminate this Agreement. If any of the Collateral is sold or leased by Congress upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Congress. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Congress to Buyer designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Buyer waives any other notice. In the event Congress institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Buyer waives the posting of any bond which might otherwise be required.

(c) Congress may, at any time or times that an Event of Default exists or has occurred and is continuing, enforce Buyer's rights against any account debtor, secondary obligor or other obligor in respect of any of the Accounts or other Receivables. Without limiting the generality of the foregoing, Congress may at such time or times (i) notify any or all account debtors, secondary obligors or other obligors in respect thereof that the Receivables have been assigned to Congress and that Congress has a security interest therein and Congress may direct any or all account debtors, secondary obligors and other obligors to make payment of Receivables directly to Congress, (ii) extend the time of payment of, compromise, settle or adjust for cash, credit, return of merchandise or otherwise, and upon any terms or conditions, any and all Receivables or other obligations included in the Collateral and thereby discharge or release the account debtor or any secondary obligors or other obligors in respect thereof without affecting any of the Obligations, (iii) demand, collect or enforce payment of any Receivables or such other obligations, but without any duty to do so, and Congress shall not be liable for its failure to collect or enforce the payment thereof nor for the negligence of its agents or attorneys with respect thereto and (iv) take whatever other action Congress may deem necessary or desirable for the protection of its interests. At any time that an Event of Default exists or has occurred and is continuing, at Congress's request, all invoices and statements sent to any account debtor shall state that the Accounts and such other obligations have been assigned to Congress and are payable directly and only to Congress and Buyer shall deliver to Congress such originals of documents evidencing the sale and delivery of goods or the performance of services giving rise to any Accounts as Congress may require. In the event any account debtor returns Inventory when an Event of Default exists or has occurred and is continuing, Buyer shall, upon Congress's request, hold the returned Inventory in trust for Congress, segregate all returned Inventory from all of its other property, dispose of the returned Inventory solely according to Congress's instructions, and not issue any credits, discounts or allowances with respect thereto without Congress's prior written consent.

(d) To the extent that applicable law imposes duties on Congress to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), Buyer acknowledges and agrees that it is not commercially unreasonable for Congress (i) to fail to incur expenses reasonably deemed significant by Congress to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any Governmental Authority or other third party for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors, secondary obligors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as Buyer for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure Congress against risks of loss, collection or disposition of Collateral or to provide to Congress a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by Congress, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Congress in the collection or disposition of any of the Collateral. Buyer acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Congress would not be commercially unreasonable in Congress's exercise of remedies against the Collateral and that other actions or omissions by Congress shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation of the foregoing, nothing contained in this Section shall be construed to grant any rights to Buyer or to impose any duties on Congress that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

(e) For the purpose of enabling Congress to exercise the rights and remedies hereunder, Buyer hereby grants to Congress, to the extent assignable, an irrevocable, non-exclusive license (exercisable at any time an Event of Default shall exist or have occurred and for so long as the same is continuing and without payment of royalty or other compensation to Buyer) to use, license or sublicense any of the trademarks, service-marks, trade names, business names, trade styles, designs, logos and other source of business identifiers and other Intellectual Property and general intangibles now owned or hereafter acquired by Buyer, wherever the same maybe located, 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 programs used for the compilation or printout thereof.

(f) Congress may apply the cash proceeds of Collateral actually received by Congress from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in such order as Congress may elect, whether or not then due. Buyer shall remain liable to Congress for the payment of any deficiency with interest at the highest rate provided for herein and all costs and expenses of collection or enforcement, including attorneys' fees and legal expenses.

SECTION 11. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

11.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) The validity, interpretation and enforcement of this Agreement and the other Note Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(b) Buyer and Congress irrevocably consent and submit to the non-exclusive jurisdiction of the Supreme Court, New York County and the United States District Court for the Southern District of New York, whichever Congress may elect, and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Note Agreements or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement or any of the other Note Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Congress shall have the right to bring any action or proceeding against Buyer or its property in the courts of any other jurisdiction which Congress deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Buyer or its property).

(c) Buyer hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Congress's option, by service upon Buyer in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Buyer shall appear in answer to such process, failing which Buyer shall be deemed in default and judgment may be entered by Congress against Buyer for the amount of the claim and other relief requested.

(d) BUYER AND CONGRESS EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER NOTE AGREEMENTS

OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER NOTE AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. BUYER AND CONGRESS EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT BUYER OR CONGRESS MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Congress shall not have any liability to Buyer (whether in tort, contract, equity or otherwise) for losses suffered by Buyer in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Congress, that the losses were the result of acts or omissions constituting gross negligence or willful misconduct of Congress. In any such litigation, Congress shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement. Except as prohibited by law, Buyer waives any right which it may have to claim or recover in any litigation with Congress any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Buyer: (i) certifies that neither Congress nor any representative, agent or attorney acting for or on behalf of Congress has represented, expressly or otherwise, that Congress would not, in the event of litigation, seek to enforce any of the waivers provided for in this Agreement or any of the other Note Agreements and (ii) acknowledges that in entering into this Agreement and the other Note Agreements, Congress is relying upon, among other things, the waivers and certifications set forth in this Section 11.1 and elsewhere herein and therein.

11.2 Waiver of Notices. Buyer hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonor with respect to any and all instruments and chattel paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on Buyer which Congress may elect to give shall entitle Buyer to any other or further notice or demand in the same, similar or other circumstances.

11.3 Amendments and Waivers. Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Congress, and as to amendments, as also signed by an authorized officer of Buyer. Congress shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Congress. Any such

waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Congress of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Congress would otherwise have on any future occasion, whether similar in kind or otherwise.

11.4 Waiver of Counterclaims. Buyer waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other than compulsory counterclaims) in any action or proceeding with respect to this Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.

11.5 Indemnification. Buyer shall indemnify and hold Congress, and its directors, agents, employees and counsel, harmless from and against any and all losses, claims, damages, liabilities, costs or expenses imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Note Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the reasonable fees and expenses of counsel except that Buyer shall not have any obligation under this Section 11.5 to indemnify Congress with respect to a matter covered hereby resulting from the gross negligence or wilful misconduct of Congress as determined pursuant to a final, non-appealable order of a court of competent jurisdiction. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, Buyer shall pay the maximum portion which it is permitted to pay under applicable law to Congress in satisfaction of indemnified matters under this Section. To the extent permitted by applicable law, Buyer shall not assert, and Buyer hereby waives, any claim against Congress, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Note Agreements or any undertaking or transaction contemplated hereby. The foregoing indemnity shall survive the payment of the Obligations and the termination or non-renewal of this Agreement.

SECTION 12. TERM OF AGREEMENT; MISCELLANEOUS

12.1 Term.

(a) This Agreement and the other Note Agreements shall become effective as of the date set forth on the first page hereof and shall continue in full force and effect for a term ending on the Maturity Date.

(b) No termination of this Agreement or the other Note Agreements shall relieve or discharge Buyer of its respective duties, obligations and covenants under this Agreement or the other Note Agreements until all Obligations have been fully and finally discharged and paid, and

Congress's continuing security interest in the Collateral and the rights and remedies of Congress hereunder, under the other Note Agreements and applicable law, shall remain in effect until all such Obligations have been fully and finally discharged and paid. Accordingly, Buyer waives any rights which it may have under the UCC to demand the filing of termination statements with respect to the Collateral, and Congress shall not be required to send such termination statements to Buyer, or to file them with any filing office, unless and until this Agreement is terminated in accordance with its terms and all of the Obligations are paid and satisfied in full in immediately available funds.

12.2 Interpretative Provisions.

(a) All terms used herein which are defined in Article 1 or Article 9 of the UCC shall have the meanings given therein unless otherwise defined in this Agreement.

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

(c) All references to Buyer and Congress pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns.

(d) The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

(e) The word "including" when used in this Agreement shall mean "including, without limitation".

(f) All references to the term "good faith" used herein when applicable to Congress shall mean, notwithstanding anything to the contrary contained herein or in the UCC, honesty in fact in the conduct or transaction concerned. Buyer shall have the burden of proving any lack of good faith on the part of Congress alleged by Buyer at any time.

(g) An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 11.3 or is cured in a manner satisfactory to Congress, if such Event of Default is capable of being cured as determined by Congress.

(h) Any accounting term used in this Agreement shall have, unless otherwise specifically provided herein, the meaning customarily given in accordance with GAAP, and all financial computations hereunder shall be computed unless otherwise specifically provided herein, in accordance with GAAP as consistently applied and using the same method for inventory valuation as used in the preparation of the financial statements of Buyer most recently received by Congress prior to the date hereof. Notwithstanding anything to the contrary

contained in GAAP or any interpretations or other pronouncements by the Financial Accounting Standards Board or otherwise, the term "unqualified opinion" as used herein to refer to opinions or reports provided by accountants shall mean an opinion or report that is not only unqualified but also does not include any explanatory note or language, including any explanation, supplemental comment or other comment concerning the ability of the applicable person to continue as a going concern or otherwise.

(i) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including", the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including".

(j) Unless otherwise expressly provided herein, (i) references herein to any agreement, document or instrument shall be deemed to include all subsequent amendments, modifications, supplements, extensions, renewals, restatements or replacements with respect thereto, but only to the extent the same are not prohibited by the terms hereof or of any other Financing Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, recodifying, supplementing or interpreting the statute or regulation.

(k) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(l) This Agreement and other Note Agreements may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(m) This Agreement and the other Note Agreements are the result of negotiations among and have been reviewed by counsel to Congress and the other parties, and are the products of all parties. Accordingly, this Agreement and the other Note Agreements shall not be construed against Congress merely because of Congress's involvement in their preparation.

12.3 Notices. All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

If to Buyer: Collective Licensing International, LLC
800 Englewood Parkway, Suite C201
Englewood, Colorado 80110
Attention: David A. Preiser

Telephone No.: 212-582-3015
Telecopy No.: 212-582-3016

with a copy to: Sunrise Capital Partners, L.P.
685 Third Avenue, 15th Floor
New York, New York 10017
Attention: Brett Fleigler
Telephone No.: 212-497-4240
Telecopy No.: 212-582-3016

If to Congress: Congress Financial Corporation
1133 Avenue of the Americas
New York, New York 10036
Attention: Portfolio Manager
Telephone No.: 212-840-2000
Telecopy No.: 212-545-4283

12.4 Partial Invalidity. If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

12.5 Successors. This Agreement, the other Note Agreements and any other document referred to herein or therein shall be binding upon and inure to the benefit of and be enforceable by Congress, Buyer and their respective successors and assigns, except that Buyer may not assign its rights under this Agreement, the other Note Agreements and any other document referred to herein or therein without the prior written consent of Congress. Congress may, after notice to Buyer, assign its rights and delegate its obligations under this Agreement and the other Note Agreements and further may assign, or sell participations in, all or any part of the Acquisition Accommodation or any other interest herein to another financial institution or other person on terms and conditions acceptable to Congress.

12.6 Entire Agreement. This Agreement, the other Note Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written. In the event of any inconsistency between the terms of this Agreement and any schedule or exhibit hereto, the terms of this Agreement shall govern.

12.7 Counterparts, Etc. This Agreement or any of the other Note Agreements may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement or any of the other Note Agreements by telefacsimile shall have the same force and effect as the delivery of an original executed counterpart of this Agreement or any of such other Note Agreements. Any party delivering an executed counterpart of any such agreement by telefacsimile shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of such agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Congress and Buyer have caused these presents to be duly executed as of the day and year first above written.

Congress

CONGRESS FINANCIAL CORPORATION

By: Dave Lisc

Title: VICE PRESIDENT

Address:

1133 Avenue of the Americas
New York, New York 10036

Buyer

COLLECTIVE LICENSING
INTERNATIONAL, LLC

By: [Signature]

Title: Sole Manager

Chief Executive Office:

800 Englewood Parkway, Suite C201
Englewood, Colorado 80110

TRADEMARK

REEL: 002835 FRAME: 0683

Schedule 8.11

Redacted to Reflect Only U.S. Federal Trademark Applications
and Registrations of Collective Licensing International, LLC

REFERENCE#	FILED	APPL#	REGDT	REG#	STATUS	CLASSES	OWNER
A & DESIGN (PEAK A)							
50054-0001	4/23/1996	75/093,074	3/4/1997	2042013	REGISTERED	25	Collective
50054-0463	2/29/1996	75/065,717	4/21/1998	2152877	REGISTERED	25,28	Collective
50054-0728	6/19/2001	76/273,565	2/12/2002	2538220	REGISTERED	18	Collective
A & DESIGN (OVAL A)							
50054-0194	11/12/1997	75/388,389	7/2/2002	2588714	REGISTERED	18,25,28	Collective
50054-0581	11/12/1997	75/389,100	2/15/2000	2317667	REGISTERED	25	Collective
A & Design (SLANT A)							
*50054-0763	5/15/2002	76/408,448	ALLOWED ITU			18,25	Airwalk
A & DESIGN (SLANT A) (CHILD OF 76/408448)							
*50054-0920	5/15/2002	76/975,828	PENDING ITU			25	Airwalk
AIRWALK							
50054-0345	12/3/1986	73/633,370	11/8/1988	1511840	REGISTERED	25	Collective
50054-0346	11/25/1998	75/595,260	2/1/2000	2314004	REGISTERED	25	Collective
50054-0347	2/28/1996	75/070,923	10/28/1997	2109810	REGISTERED	25,28	Collective
*50054-0908	9/30/2002	78/169,347	PENDING ITU			16	Airwalk
DESIGN (RUNNING MAN)							
50054-0576	12/3/1986	73/633,369	8/4/1987	1450940	REGISTERED	25	Collective
50054-0727	4/24/1996	75/093,475	6/16/1998	2166302	REGISTERED	18,25,28	Collective

R0240564.RTF