

10/10/03

10-15-2003

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



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

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

1. Name of conveying party(ies): Staktek Group L.P.

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other Texas limited partnership

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 8/19/2003

2. Name and address of receiving party(ies)

Name: Comerica Bank, as Agent

Internal Address: One Detroit Center, 9th Floor

Street Address: 500 Woodward Avenue

City: Detroit State: MI Zip: 48226

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other a Michigan banking corporation

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

OFFICE OF PATENT RECORDS 103 OCT 10 PM 3:26 FINANCE SECTION

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

A. Trademark Application No.(s) n/a

B. Trademark Registration No.(s) 1,790,187

1,877,493; 1,987,882

Additional number(s) attached Yes No

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

Name: Angela Alvarez Sujek

Internal Address: Bodman, Longley & Dahling LLP

Street Address: 110 Miller, Suite 300

City: Ann Arbor State: MI Zip: 48104

6. Total number of applications and registrations involved: 3

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

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

ADDITIONAL FEES ONLY: 02-2880

DO NOT USE THIS SPACE

9. Signature.

Angela Alvarez Sujek Name of Person Signing

Angela Alvarez Sujek Oct 10, 2003 Signature Date

10/15/2003 LHMELLER 00000004 1790187

Total number of pages including cover sheet, attachments, and document: 59

01 FC:8521 02 FC:8522

40.00 Mail 50.00 DP

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

TRADEMARK REEL: 002843 FRAME: 0756

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") dated as of August 19, 2003, is entered into by and among the Borrowers (as defined below), and such other entities which from time to time become parties hereto (collectively, including the Borrowers, the "Debtors" and individually each a "Debtor") and Comerica Bank, a Michigan banking corporation ("Comerica"), as Agent for and on behalf of the Banks (as defined below) (in such capacity, the "Agent"). The addresses for the Debtors and the Agent are set forth on the signature pages attached hereto.

RECITALS:

A. SC Merger Sub, Inc. a Texas corporation (the "Company"), Staktek Holdings, Inc., a Delaware corporation ("Holdings") and Research Applications, Inc. ("RAI" and together with the Company and Holdings, the "Borrowers"), have entered into that certain Revolving Credit and Term Loan Agreement dated as of August 19, 2003 (as amended, supplemented, amended and restated or otherwise modified from time to time the "Credit Agreement") with each of the financial institutions party thereto (collectively, including their respective successors and assigns, the "Banks") and the Agent pursuant to which the Banks have agreed, subject to the satisfaction of certain terms and conditions, to extend or to continue to extend financial accommodations to the Borrowers, as provided therein.

B. Pursuant to the Credit Agreement, the Banks have required that each of the Debtors grant (or cause to be granted) certain liens and security interest to the Agent, for the benefit of the Banks, all to secure the obligations of the Borrowers under the Credit Agreement.

C. The Debtors have directly and indirectly benefited and will directly and indirectly benefit from the transactions evidenced by and contemplated in the Credit Agreement and have consented to the execution and delivery of the Credit Agreement

D. The Agent is acting as Agent for the Banks pursuant to Section 12 of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1 **Definitions**

Section 1.1 Definitions. As used in this Agreement, capitalized terms not otherwise defined herein have the meanings provided for such terms in the Credit Agreement. References to "Sections," "subsections," "Exhibits" and "Schedules" shall be to Sections, subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided.

All references to statutes and regulations shall include any amendments of the same and any successor statutes and regulations. References to particular sections of the UCC should be read to refer also to parallel sections of the Uniform Commercial Code as enacted in each state or other jurisdiction where any portion of the Collateral is or may be located.

The following terms have the meanings indicated below, all such definitions to be equally applicable to the singular and plural forms of the terms defined:

“Account” means any “account,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all rights of such Debtor to payment for goods sold or leased or services rendered, whether or not earned by performance, (b) all accounts receivable of such Debtor, (c) all rights of such Debtor to receive any payment of money or other form of consideration, (d) all security pledged, assigned or granted to or held by such Debtor to secure any of the foregoing, (e) all guaranties of, or indemnifications with respect to, any of the foregoing, and (f) all rights of such Debtor as an unpaid seller of goods or services, including, but not limited to, all rights of stoppage in transit, replevin, reclamation and resale.

“Agent” has the meaning specified in the recitals hereto.

“Banks” has the meaning specified in the recitals hereto.

“Business Day” has the meaning specified in the Credit Agreement.

“Chattel Paper” means any “chattel paper,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and shall include electronic chattel paper and tangible chattel paper.

“Collateral” has the meaning specified in Section 2.1 of this Agreement.

“Computer Records” has the meaning specified in Section 2.1(i) of this Agreement.

“Copyright Licenses” shall mean all license agreements with any other person in connection with any of the Copyrights or such other person’s copyrights, whether a Debtor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on *Schedule E* hereto and made a part hereof, subject, in each case, to the terms of such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

“Copyrights” shall mean all United States copyrights and mask works, whether or not registered, and all applications for registration of all copyrights and mask works, including, but not limited to all copyrights and mask works, and all applications for registration of all copyrights and mask works identified on *Schedule E* attached hereto and made a part hereof, and including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof; (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Copyright Licenses entered into in connection therewith, and

damages and payments for past or future infringements thereof); and (c) all rights corresponding thereto and all modifications, adaptations, translations, enhancements and derivative works, renewals thereof, and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto (Copyrights and Copyright Licenses being, collectively, the “Copyright Collateral”).

“Credit Agreement” has the meaning specified in the recitals hereto.

“Default” has the meaning specified in the Credit Agreement.

“Deposit Account” shall mean a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property, investment accounts or accounts evidenced by an instrument.

“Document” means any “document,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by any Debtor, including, without limitation, all documents of title and all receipts covering, evidencing or representing goods now owned or hereafter acquired by a Debtor.

“Equipment” means any “equipment,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor and, in any event, shall include, without limitation, all machinery, equipment, furniture, trade fixtures, tractors, trailers, rolling stock, vessels, aircraft and vehicles now owned or hereafter acquired by such Debtor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

“Event of Default” has the meaning specified in the Credit Agreement.

“General Intangibles” means any “general intangibles,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all of such Debtor’s Patents, Patent Licenses, Copyrights, Copyright Licenses, Trademarks, Trademark Licenses, trade secrets, registrations, goodwill, franchises, permits, proprietary information, customer lists, designs, inventions and all other intellectual property and proprietary rights, including without limitation those described on *Schedule E* attached hereto and incorporated herein by reference (collectively, the “Intellectual Property Collateral”); (b) all of such Debtor’s books, records, data, plans, manuals, computer software, computer tapes, computer disks, computer programs, source codes, object codes and all rights of such Debtor to retrieve data and other information from third parties; (c) all of such Debtor’s contract rights, commercial tort claims, partnership interests, membership interests, joint venture interests, securities, deposit accounts, investment accounts and certificates of deposit; (d) all rights of such Debtor to payment under chattel paper, documents, instruments and similar agreements; (e) letters of credit, letters of credit rights supporting obligations and rights to payment for money or funds advanced or sold of such Debtor; (f) all tax refunds and tax refund claims of such Debtor; (g) all choses in action and causes of action of such Debtor (whether arising in contract, tort or otherwise and whether or not currently in litigation) and all judgments in favor of such Debtor;

(h) all rights and claims of such Debtor under warranties and indemnities; and (i) all rights of such Debtor under any insurance, surety or similar contract or arrangement.

“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.

“Indebtedness” has the meaning specified in the Credit Agreement.

“Instrument” means any “instrument,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by any Debtor, and, in any event, shall include all promissory notes (including without limitation, the Intercompany Notes of such Debtor), drafts, bills of exchange and trade acceptances, whether now owned or hereafter acquired.

“Intellectual Property Collateral” is defined in clause (a) of the definition of General Intangibles.

“Intellectual Property Report” has the meaning specified in the Credit Agreement.

“Intercompany Note” has the meaning specified in the Credit Agreement.

“Inventory” means any “inventory,” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all goods and other personal property of such Debtor that are held for sale or lease or to be furnished under any contract of service; (b) all raw materials, work-in-process, finished goods, supplies and materials of such Debtor; (c) all wrapping, packaging, advertising and shipping materials of such Debtor; (d) all goods that have been returned to, repossessed by or stopped in transit by such Debtor; and (e) all Documents evidencing any of the foregoing.

“Investment Property” means any “investment property” as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and in any event, shall include without limitation all shares of stock and other equity, partnership or membership interests constituting securities, of the domestic Subsidiaries of such Debtor from time to time owned or acquired by such Debtor in any manner (including, without limitation, the Pledged Shares), and the certificates and all dividends, cash, instruments, rights and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any or all of such shares, but excluding any shares of stock or other equity, partnership or membership interests in any foreign Subsidiaries of such Debtor;

“Loan Documents” has the meaning specified in the Credit Agreement.

“Patent Licenses” shall mean all license agreements with any other person in connection with any of the Patents or such other person’s patents, whether a Debtor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on *Schedule E* hereto and made a part hereof, subject, in each case, to the terms of such

license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

“Patents” shall mean all United States letters patent, patent applications and patentable inventions, including, without limitation, all patents and patent applications identified on *Schedule E* attached hereto and made a part hereof, and including without limitation (a) all inventions and improvements described and claimed therein, and patentable inventions, (b) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (c) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Patent Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (d) all rights corresponding thereto in the United States and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto (Patents and Patent Licenses being, collectively, the “Patent Collateral”).

“Permitted Liens” shall mean any lien or encumbrance which is a Permitted Lien under the Credit Agreement.

“Pledged Shares” means the shares of capital stock or other equity, partnership or membership interests described on *Schedule D* attached hereto and incorporated herein by reference.

“Proceeds” means any “proceeds,” as such term is defined in Article or Chapter 9 of the UCC and, in any event, shall include, but not be limited to, (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to a Debtor from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to a Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting, or purporting to act, for or on behalf of any governmental authority), and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

“Records” is defined in Section 4.9 of this Agreement.

“Software” means all (i) computer programs and supporting information provided in connection with a transaction relating to the program, and (ii) computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the program whether or not the program is associated with the goods in such a manner that it customarily is considered part of the goods, and whether or not, by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods, and whether or not the program is embedded in goods that consist solely of the medium in which the program is embedded.

“Subsidiary” has the meaning specified in the Credit Agreement.

“Trademark Licenses” shall mean all license agreements with any other person in connection with any of the Trademarks or such other person’s names or trademarks, whether a Debtor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on **Schedule E** hereto and made a part hereof, subject, in each case, to the terms of such license agreements, and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

“Trademarks” shall mean all trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademark and service mark registrations, and applications for trademark or service mark registrations (except for “intent to use” applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, unless and until an Amendment to Allege Use or a Statement of Use under Sections 1(c) and 1(d) of said Act has been filed), and any renewals thereof, including, without limitation, each registration and application identified on **Schedule E** attached hereto and made a part hereof, and including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Trademark Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof) and (c) all rights corresponding thereto in the United States and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin (Trademarks and Trademark Licenses being, collectively, the **“Trademark Collateral”**).

“UCC” means the Uniform Commercial Code as in effect in the State of Michigan; provided, that if, by applicable law, the perfection or effect of perfection or non-perfection of the security interest created hereunder in any Collateral is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, “UCC” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or the effect of perfection or non-perfection.

ARTICLE 2 **Security Interest**

Section 2.1 Security Interest. As collateral security for the prompt payment and performance in full when due of the Indebtedness (whether at stated maturity, by acceleration or otherwise), each Debtor hereby pledges, assigns, transfers and conveys to the Agent as collateral, and grants the Agent a continuing lien on and security interest in, all of such Debtor’s right, title and interest in and to the following, whether now owned or hereafter arising or acquired and wherever located (collectively, the **“Collateral”**):

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all General Intangibles;

- (d) all Equipment;
- (e) all Inventory;
- (f) all Documents;
- (g) all Instruments;
- (h) all Deposit Accounts and any cash collateral, deposit account or investment account established or maintained hereunder, including without limitation under Section 6.3 hereof;
- (i) all computer records (“Computer Records”) and Software, whether relating to the foregoing Collateral or otherwise, but in the case of such Software, subject to the rights of any non-affiliated licensee of software;
- (j) all Investment Property; and
- (k) the Proceeds, in cash or otherwise, of any of the property described in the foregoing clauses (a) through (j) and all liens, security, rights, remedies and claims of such Debtor with respect thereto;

provided, however, that “Collateral” shall not include rights under or with respect to any General Intangible, license, permit or authorization to the extent any such General Intangible, license, permit or authorization, by its terms or by law, prohibits the assignment of, or the granting of a security interest in, the rights of a grantor thereunder or which would be invalid or unenforceable upon any such assignment or grant. The pledge and grant of a security interest in Proceeds shall not be deemed to give the applicable Debtor any right to dispose of any of the Collateral, except as may otherwise be permitted herein or in the Credit Agreement.

Each Debtor hereby irrevocably authorizes the Agent at any time and from time to time to file in any filing office in any UCC jurisdiction any initial financing statements and amendments thereto that (a) indicate any or all of the Collateral upon which the Debtors have granted a Lien, and (b) provide any other information required by Part 5 of Article 9 of the UCC, including organizational information and in the case of a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral related. Each Debtor agrees to furnish any such information required by the preceding paragraph to the Agent promptly upon request.

Section 2.2 Debtors Remain Liable. Notwithstanding anything to the contrary contained herein, (a) the Debtors shall remain liable under the contracts, agreements, documents and instruments included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Agent or any Bank of any of their respective rights or remedies hereunder shall not release the Debtors from any of their duties or obligations under the contracts, agreements, documents and instruments included in the Collateral, and (c) neither the Agent nor any of the Banks shall have any indebtedness, liability or obligation (by assumption or otherwise) under any of the contracts, agreements, documents and instruments included in the

Collateral by reason of this Agreement, and none of them shall be obligated to perform any of the obligations or duties of the Debtors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

ARTICLE 3 **Representations and Warranties**

To induce the Agent and Banks to enter into this Agreement and the Credit Agreement, each Debtor represents and warrants to the Agent and to each Bank that as of the date hereof:

Section 3.1 Title. Such Debtor is, and with respect to Collateral acquired after the date hereof such Debtor will be, the legal and beneficial owner of the Collateral free and clear of any Lien or other encumbrance, except for the Permitted Liens and the other Liens permitted under Section 8.2 of the Credit Agreement, provided that, other than the Lien established hereby, no Lien on the Investment Property shall constitute a Permitted Lien or a Lien otherwise permitted under Section 8.2 of the Credit Agreement.

Section 3.2 Financing Statements. No financing statement, security agreement or other Lien instrument covering all or any part of the Collateral is on file in any public office with respect to any outstanding obligation of such Debtor except (i) as may have been filed in favor of the Agent pursuant to this Agreement and the other Loan Documents and (ii) financing statements filed to perfect Permitted Liens or other Liens permitted under Section 8.2 of the Credit Agreement. As of the date hereof, and to each Debtor's knowledge, except as otherwise disclosed on *Schedule F* hereto, no Debtor does business or has done business under a trade name or any name other than its legal name set forth at the beginning of this Agreement.

Section 3.3 Principal Place of Business; Registered Organization; Change in Form or Jurisdiction. The principal place of business and chief executive office of such Debtor, and the office where such Debtor keeps its books and records, is located at the address of such Debtor shown on the signature page hereto. Each Debtor is duly organized and validly existing as a corporation (or other business organization) under the laws of its jurisdiction of organization, as set forth on *Schedule C*, and has the registration number set forth on such *Schedule C*, and each Debtor has not changed its corporate form or its jurisdiction of organization at any time during the past five (5) years, except as set forth on such *Schedule C*.

Section 3.4 Location of Collateral.

(a) All Inventory (except Inventory in transit) and Equipment (other than vehicles) of each Debtor in the possession of such Debtor are located at the places specified on *Schedule A* hereto.

(b) The name and address of the landlord leasing any location to any Debtor is identified on *Schedule A* hereto.

(c) The name of and address of each bailee or warehouseman and the location of any Inventory or Equipment held by such bailee or warehouseman is identified on *Schedule A* hereto.

(d) All Deposit Accounts of each Debtor (except for those Deposit Accounts located with the Agent) are located at the banks and have the account numbers specified on **Schedule A** attached hereto.

(e) None of the Inventory or Equipment of such Debtor (other than trailers, rolling stock, vessels, aircraft and vehicles) is evidenced by a Document (including, without limitation, a negotiable document of title).

Section 3.5 Perfection. Upon (a) the filing of Uniform Commercial Code financing statements in the jurisdictions listed on **Schedule B** attached hereto, (b) the recording of this Agreement in the United States Patent and Trademark Office and the United States Copyright Office, and (c) the Agent's obtaining possession of the certificates evidencing the Pledged Shares accompanied by duly executed stock powers or instruments of transfer or assignments in blank, or upon the execution and delivery of control agreements or similar documentation (with respect to any cash collateral or deposit account established hereunder), the security interest in favor of the Agent created herein will constitute a valid and perfected Lien upon and security interest in the Collateral which may be created and perfected either under the UCC by filing financing statements or obtaining possession thereof or by a filing with the Patent and Trademark Office and the United States Copyright Office, subject to: (i) no other Liens with respect to the Pledged Shares and (ii) only to those Liens (if any) which constitute Permitted Liens or other Liens permitted under Section 8.2 of the Credit Agreement with respect to all other Collateral.

Section 3.6 Pledged Shares.

(a) The Pledged Shares that are shares of a corporation have been duly authorized and validly issued and are fully paid and nonassessable, and the Pledged Shares that are membership interests or partnership units (if any) have been validly granted, under the laws of the jurisdiction of organization of the issuers thereof, and, to the extent applicable, are fully paid and nonassessable. No such membership or partnership interests constitute "securities" within the meaning of Article 8 of the UCC, and each Debtor covenants and agrees not to allow any such membership or partnership interest to become "securities" for purposes of Article 8 of the UCC.

(b) Each Debtor is the legal and beneficial owner of the Pledged Shares, free and clear of any Lien (other than the Liens created by this Agreement), and such Debtor has not sold, granted any option with respect to, assigned, transferred or otherwise disposed of any of its rights or interest in or to the Pledged Shares. None of the Pledged Shares are subject to any contractual or other restrictions upon the pledge or other transfer of such Pledged Shares, other than those imposed by securities laws generally. No issuer of Pledged Shares is party to any agreement granting "control" (as defined in Section 8-106 of the UCC) of such Debtor's Pledged Shares to any third party. All such Pledged Shares are held by each Debtor directly and not through any securities intermediary.

(c) On the date hereof, the Pledged Shares constitute the percentage of the issued and outstanding shares of stock, partnership units or membership interests of the issuers thereof indicated on **Schedule D** and such schedule contains a description of all shares of capital stock, membership interests and other equity interests of or in any domestic

Subsidiaries owned by such Debtor (as such *Schedule D* may from time to time be supplemented, amended or modified in accordance with the terms of this Agreement).

Section 3.7 Intellectual Property.

(a) Set forth on *Schedule E* is a complete and accurate list of the Trademarks, Patents and Copyrights owned by the Debtors as of the date hereof. Each Debtor has made all necessary filings and recordations to protect and maintain its interest in the Trademarks, Patents and Copyrights set forth on *Schedule E*, including, without limitation, all necessary filings and recordings, and payments of all maintenance fees, in the United States Patent and Trademark Office and United States Copyright Office to the extent such Trademarks, Patents and Copyrights are material to such Debtor's business. Also set forth on *Schedule E* is a complete and accurate list of all of the material Trademark Licenses, Patent Licenses and Copyright Licenses owned by the Debtors as of the date hereof.

(b) (i) Each Trademark of the Debtors set forth on *Schedule E* is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid, registrable and enforceable, (ii) each of the Trademark Licenses set forth on *Schedule E* is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid and enforceable, and (iii) the Debtors have notified the Bank in writing of all uses of any material item of Trademark Collateral of which any Debtor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Collateral.

(c) (i) Each Patent of the Debtors set forth on *Schedule E* is subsisting and has not been adjudged invalid, unpatentable or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid, patentable and enforceable except as otherwise set forth on *Schedule E*, (ii) each of the Patent Licenses set forth on *Schedule E* is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid and enforceable, and (iii) the Debtors have notified the Bank in writing of all uses of any item of Patent Collateral material to any Debtor's business of which any Debtor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable.

(d) (i) Each Copyright of the Debtors set forth on *Schedule E* is subsisting and has not been adjudged invalid, uncopyrightable or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid, copyrightable and enforceable, (ii) each of the Copyright Licenses set forth on *Schedule E* is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid and enforceable, and (iii) the Debtors have notified the Bank in writing of all uses of any item of Copyright Collateral material to any Debtor's business of which any Debtor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable.

(e) The Debtors have not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or encumbrance of any of the Intellectual Property Collateral, except with respect to non-exclusive licenses granted in the ordinary course of business or as permitted by this Agreement or the Loan Documents. No Debtor has granted any license, shop right, release, covenant not to sue, or non-assertion assurance to any person with respect to any part of the Intellectual Property Collateral, except as set forth on *Schedule E*.

(f) Each Debtor has marked its products with the trademark registration symbol, copyright notices, the numbers of all appropriate patents, the common law trademark symbol or the designation "patent pending," as the case may be, to the extent that Debtor, in good faith, believes is reasonably and commercially practicable.

(g) Except for the Trademark Licenses, Patent Licenses and Copyright Licenses listed on *Schedule E* hereto under which a Debtor is a licensee, no Debtor has knowledge of the existence of any right or any claim (other than as provided by this Agreement) that is likely to be made under or against any item of Intellectual Property Collateral contained on *Schedule E* to the extent such claim could reasonably be expected to have a Material Adverse Effect.

(h) Except as set forth on *Schedule G*, no claim has been made and is continuing or, to any Debtor's knowledge, threatened that the use by any Debtor of any item of Intellectual Property Collateral is invalid or unenforceable or that the use by any Debtor of any Intellectual Property Collateral does or may violate the rights of any person. To the Debtors' knowledge, there is currently no infringement or unauthorized use of any item of Intellectual Property Collateral contained on *Schedule E*.

(i) No consent of any party (other than such Debtor) to any Patent License, Copyright License or Trademark License constituting Intellectual Property Collateral is required, or purports to be required, to be obtained by or on behalf of such Debtor in connection with the execution, delivery and performance of this Agreement that has not been obtained. Each Patent License, Copyright License and Trademark License constituting Intellectual Property Collateral is in full force and effect and constitutes a valid and legally enforceable obligation of the applicable Debtor and (to the knowledge of the Debtors) each other party thereto except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). No consent or authorization of, filing with or other act by or in respect of any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Patent Licenses, Copyright Licenses or Trademark Licenses by any party thereto other than those which have been duly obtained, made or performed and are in full force and effect. Neither the Debtors nor (to the knowledge of any Debtor) any other party to any Patent License, Copyright License or Trademark License constituting Collateral is in default in the performance or observance of any of the terms thereof, except for such defaults as would not reasonably be expected, in the aggregate, to have a material adverse

effect on the value of the Intellectual Property Collateral. To the knowledge of such Debtor, the right, title and interest of the applicable Debtor in, to and under each Patent License, Copyright License and Trademark License constituting Intellectual Property Collateral is not subject to any defense, offset, counterclaim or claim.

ARTICLE 4 **Covenants**

Each Debtor covenants and agrees with the Agent that until the Indebtedness is paid and performed in full (other than any contingent Indebtedness, such contingent Indebtedness to exclude guaranties but to include contingent Indebtedness arising under Section 14.5 of the Credit Agreement and Sections 5.5 and 5.6 of this Agreement) for which a claim is not then outstanding or asserted) and all commitments to lend or provide other credit accommodations under the Credit Agreement have been terminated:

Section 4.1 Encumbrances. Each Debtor shall not create, permit or suffer to exist, and shall defend the Collateral against, any Lien (other than the Permitted Liens or other Liens permitted under Section 8.2 of the Credit Agreement) or any restriction upon the pledge or other transfer thereof (other than as provided in the Credit Agreement), and shall, subject only to the Permitted Liens and the other Liens permitted under Section 8.2 of the Credit Agreement, defend such Debtor's title to and other rights in the Collateral and the Agent's pledge and collateral assignment of and security interest in the Collateral against the claims and demands of all Persons. Except to the extent permitted by the Credit Agreement or in connection with any release of Collateral under Section 7.13 hereof (but only to the extent of any Collateral so released), such Debtor shall do nothing to impair the rights of the Agent in the Collateral.

Section 4.2 Collection of Accounts and Contracts. Each Debtor shall, in accordance with its usual business practices in effect from time to time, endeavor to collect or cause to be collected from each account debtor under its Accounts, as and when due, any and all amounts owing under such Accounts.

Section 4.3 Disposition of Collateral. To the extent prohibited by the terms of the Credit Agreement, no Debtor shall enter into or consummate any transfer or other disposition of assets without the prior written consent of the Banks, except as permitted under the terms of the Credit Agreement.

Section 4.4 Further Assurances. At any time and from time to time, upon the request of the Agent, and at the sole expense of the Debtors, each Debtor shall promptly execute and deliver all such further agreements, documents and instruments and take such further action as the Agent may reasonably deem necessary or appropriate to preserve and perfect its security interest in and pledge and collateral assignment of the Collateral (including causing the Agent's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition of the Agent's ability to enforce its security interest in such Collateral) and carry out the provisions and purposes of this Agreement or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral. Except as otherwise expressly permitted by the terms of the Credit Agreement relating to disposition of assets and except for Permitted Liens and other Liens permitted by Section 8.2 of the Credit Agreement,

each Debtor agrees to maintain and preserve the Agent's security interest in and pledge and collateral assignment of the Collateral hereunder. Without limiting the generality of the foregoing, such Debtor shall (a) execute and deliver to the Agent such financing statements as the Agent may from time to time reasonably require; and (b) execute and deliver to the Agent such other agreements, documents and instruments, including without limitation control agreements or stock powers, as the Agent may reasonably require to perfect and maintain the validity, effectiveness and priority of the Liens intended to be created by the Loan Documents.

Section 4.5 Insurance. The Collateral pledged by such Debtor or the Debtors will be insured (to the extent such Collateral is insurable) with insurance coverage in such amounts and of such types as are required by the terms of the Credit Agreement. In the case of all such insurance policies, each such Debtor shall designate the Agent, as mortgagee or lender loss payee and such policies shall provide that any loss be payable to the Agent, as mortgagee or lender loss payee, as its interests may appear. Further, upon the request of the Agent, each such Debtor shall deliver certificates evidencing such policies, including all endorsements thereon and those required hereunder, to Agent; and each such Debtor assigns to Agent, as additional security hereunder, all its rights to receive proceeds of insurance with respect to the Collateral. All such insurance shall, by its terms, provide that the applicable carrier shall, prior to any cancellation before the expiration date thereof, mail thirty (30) days' prior written notice to the Agent of such cancellation. Each Debtor further shall provide Agent upon request with evidence reasonably satisfactory to Agent that each such Debtor is at all times in compliance with this paragraph. Upon the occurrence and during the continuance of a Default or an Event of Default, Agent may act as each such Debtor's attorney-in-fact in obtaining, adjusting, settling and compromising such insurance and endorsing any drafts. Upon such Debtor's failure to insure the Collateral as required in this covenant, Agent may procure such insurance and its costs therefor shall be charged to such Debtor, payable on demand, with interest at the highest rate set forth in the Credit Agreement and added to the Indebtedness secured hereby. The disposition of proceeds payable to such Debtor of any insurance on the Collateral (the "Insurance Proceeds") shall be governed by the following:

(a) provided that no Default or Event of Default has occurred and is continuing hereunder, (a) if the amount of Insurance Proceeds in respect of any loss or casualty does not exceed One Hundred Thousand Dollars (\$100,000), such Debtor shall be entitled, in the event of such loss or casualty, to receive all such Insurance Proceeds and to apply the same toward the replacement of the Collateral affected thereby or to the purchase of other assets to be used in such Debtor's business (provided that such assets shall be subjected to a first lien in favor of Agent); and (b) if the amount of Insurance Proceeds in respect of any loss or casualty exceeds One Hundred Thousand Dollars (\$100,000), such Insurance Proceeds shall be paid to and received by Agent, for release to such Debtor for the replacement of the Collateral affected thereby or to the purchase of other assets to be used in such Debtor's business (provided that such assets shall be subjected to a first lien in favor of Agent); or, upon written request of such Debtor (accompanied by reasonable supporting documentation), for such other use or purpose as approved by the Majority Banks, in their reasonable discretion, it being understood and agreed in connection with any release of funds under this subparagraph (b), that the Agent and the Majority Banks may impose reasonable and customary conditions on the disbursement of such Insurance Proceeds; and

(b) if a Default or Event of Default has occurred or is continuing and is not waived as provided in the Credit Agreement, all Insurance Proceeds in respect of any loss or casualty shall be paid to and received by the Agent, to be applied by the Agent against the Indebtedness and/or to be held by the Agent as cash collateral for the Indebtedness, as the Majority Banks may direct in their sole discretion.

Section 4.6 Furnishing of Information and Inspection Rights. Each Debtor will, at any time and from time to time during regular business hours, upon reasonable advance notice (except if any Default or Event of Default has occurred and is continuing, when no prior notice shall be required), permit the Agent, or its agents or representatives, to examine and make copies of and abstracts from all Records, to visit the offices and properties of such Debtor for the purpose of examining such Records, and to discuss matters relating to Debtor's performance hereunder and under the other Credit Agreement with any of the officers, directors, employees or independent public accountants of such Debtor having knowledge of such matters; provided, however, that the Agent acknowledges that, in exercising the rights and privileges conferred in this Section 4.6, it or its agents and representatives may, from time to time, obtain knowledge of information, practices, books, correspondence and records of a confidential nature and in which such Debtor has a proprietary interest. The Agent agrees that all such information, practices, books, correspondence and records are to be regarded as confidential information and agrees that it shall be subject to Section 14.11 of the Credit Agreement. Notwithstanding anything to the contrary in this Agreement or in Section 14.11 of the Credit Agreement, the Agent may reply to a request from any Person for information related to any Collateral referred to in any financing statement filed to perfect the security interest and liens established hereby, to the extent necessary to maintain the perfection or priority of such security interests or liens, or otherwise required under applicable law. Furthermore, such Debtor shall permit the Agent and its representatives to examine, inspect and audit the Collateral and to examine, inspect and audit such Debtor's books and Records to the extent provided under the Credit Agreement.

Section 4.7 Corporate Changes. Each Debtor shall not change its name, identity, corporate structure or jurisdiction of organization in any manner that might make any financing statement filed in connection with this Agreement seriously misleading within the meaning of Section 9-506 of the UCC unless such Debtor shall have given the Agent thirty (30) days prior written notice with respect to any change in such Debtor's corporate structure, jurisdiction of organization, name or identity and shall have taken all action deemed reasonably necessary by the Agent under the circumstances to protect its Liens and the perfection and priority thereof. Such Debtor shall give prompt written notice of any change in its principal place of business, chief executive office or place where it keeps its books and records.

Section 4.8 Books and Records. Each Debtor shall keep accurate and complete books and records (the "Records") of the Collateral and such Debtor's business and financial condition in accordance with the Credit Agreement.

Section 4.9 Equipment and Inventory.

(a) Each Debtor shall keep the Equipment (other than vehicles) and Inventory (other than Inventory in transit) which is in such Debtor's possession or in the possession of any bailee or warehouseman at any of the locations specified on *Schedule A* hereto or, upon

prompt written notice to the Agent, at such other places within the United States of America or Mexico where all action required to perfect the Agent's security interest in the Equipment and Inventory with the priority required by this Agreement shall have been taken (including the execution and delivery of landlord consents or bailee waivers in form and substance acceptable to the Agent).

(b) Each Debtor shall maintain the Equipment and Inventory in accordance with the terms of the Credit Agreement.

Section 4.10 Notification. Each Debtor shall promptly notify the Agent in writing of any Lien, encumbrance or claim (other than a Permitted Lien or other Liens permitted under Section 8.2 of the Credit Agreement, to the extent not otherwise subject to any notice requirements under the Credit Agreement) that has attached to or been made or asserted against any of the Collateral upon becoming aware of the existence of such Lien, encumbrance or claim.

Section 4.11 Collection of Accounts. So long as no Default or Event of Default has occurred and is continuing and except as otherwise provided in this Section 4.11 and Section 6.3, each Debtor shall have the right to collect and receive payments on its Accounts, and to use and expend the same in its operations in each case in compliance with the terms of each of the Credit Agreement.

Section 4.12 Voting Rights; Distributions, Etc.

(a) So long as no Default or Event of Default shall have occurred and be continuing (both before and after giving effect to any of the actions or other matters described in clauses (i) or (ii) of this subparagraph):

(i) Each Debtor shall be entitled to exercise any and all voting and other consensual rights (including, without limitation, the right to give consents, waivers and ratifications) pertaining to any of the Pledged Shares or any part thereof; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken without the prior written consent of the Agent which would violate any provision of this Agreement or the Credit Agreement; and

(ii) Except as otherwise provided by the Credit Agreement, such Debtor shall be entitled to receive and retain any and all dividends, distributions and interest paid in respect to any of the Pledged Shares.

(b) Upon the occurrence and during the continuance of a Default or an Event of Default:

(i) The Agent may, without notice to such Debtor, transfer or register in the name of the Agent or any of its nominees, for the equal and ratable benefit of the Banks, any or all of the Pledged Shares and the Proceeds thereof (in cash or otherwise) held by the Agent hereunder, and the Agent or its nominee may thereafter, after delivery of notice to such Debtor, exercise all voting and corporate rights at any meeting of any corporation

issuing any of the Pledged Shares and any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Shares as if the Agent were the absolute owner thereof, including, without limitation, the right to exchange, at its discretion, any and all of the Pledged Shares upon the merger, consolidation, reorganization, recapitalization or other readjustment of any corporation issuing any of such Pledged Shares or upon the exercise by any such issuer or the Agent of any right, privilege or option pertaining to any of the Pledged Shares, and in connection therewith, to deposit and deliver any and all of the Pledged Shares with any committee, depository, transfer Agent, registrar or other designated agency upon such terms and conditions as the Agent may determine, all without liability except to account for property actually received by it, but the Agent shall have no duty to exercise any of the aforesaid rights, privileges or options, and the Agent shall not be responsible for any failure to do so or delay in so doing.

(ii) All rights of such Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Subsection 4.12(a)(i) and to receive the dividends, interest and other distributions which it would otherwise be authorized to receive and retain pursuant to Subsection 4.12(a)(ii) shall be suspended until such Default or Event of Default shall no longer exist, and all such rights shall, until such Default or Event of Default shall no longer exist, thereupon become vested in the Agent which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive, hold and dispose of as Pledged Shares such dividends, interest and other distributions.

(iii) All dividends, interest and other distributions which are received by such Debtor contrary to the provisions of this Subsection 4.12(b) shall be received in trust for the benefit of the Agent, shall be segregated from other funds of such Debtor and shall be forthwith paid over to the Agent as Collateral in the same form as so received (with any necessary endorsement).

(iv) Each Debtor shall execute and deliver (or cause to be executed and delivered) to the Agent all such proxies and other instruments as the Agent may reasonably request for the purpose of enabling the Agent to exercise the voting and other rights which it is entitled to exercise pursuant to this Subsection 4.12(b) and to receive the dividends, interest and other distributions which it is entitled to receive and retain pursuant to this Subsection 4.12(b). The foregoing shall not in any way limit the Agent's power and authority granted pursuant to Section 5.1 of this Agreement.

Section 4.13 Transfers and Other Liens; Additional Investments. Each Debtor agrees that, (a) except with the written consent of the Agent, it will not permit any domestic Subsidiary to issue to such Debtor or any of such Debtor's other Subsidiaries any shares of stock, membership interests, partnership units, notes or other securities or instruments (including

without limitation the Pledged Shares) in addition to or in substitution for any of the Collateral, unless, concurrently with each issuance thereof, any and all such shares of stock, membership interests, partnership units, notes or instruments are encumbered in favor of the Agent under this Agreement or otherwise (it being understood and agreed that all such shares of stock, membership interests, partnership units, notes or instruments issued to such Debtor shall, without further action by such Debtor or Agent, be automatically encumbered by this Agreement as Pledged Shares) and (b) it will promptly upon the written request of Agent following the issuance thereof (and in any event within five (5) Business Days following such request) deliver to the Agent (i) an amendment, duly executed by such Debtor, in substantially the form of **Exhibit A** hereto (an "Amendment"), in respect of such shares of stock, membership interests, partnership units, notes or instruments issued to such Debtor or (ii) a new stock pledge, duly executed by the applicable Subsidiary, in substantially the form of this Agreement (a "New Pledge"), in respect of such shares of stock, membership interests, partnership units, notes or instruments issued to any Subsidiary granting to Agent, for the benefit of the Banks, a first priority security interest, pledge and lien thereon, together in each case with all certificates, notes or other instruments representing or evidencing the same. Such Debtor hereby (x) authorizes the Agent to attach each Amendment to this Agreement, (y) agrees that all such shares of stock, membership interests, partnership units, notes or instruments listed in any Amendment delivered to the Agent shall for all purposes hereunder constitute Pledged Shares, and (z) is deemed to have made, upon the delivery of each such Amendment, the representations and warranties contained in Sections 3.1, 3.2, 3.5 and 3.6 of this Agreement with respect to the Collateral covered thereby.

Section 4.14 Possession; Reasonable Care. Regardless of whether a Default or an Event of Default has occurred or is continuing, the Agent shall have the right to hold in its possession all Pledged Shares pledged, assigned or transferred hereunder and from time to time constituting a portion of the Collateral. The Agent may appoint one or more agents (which in no case shall be a Debtor or an affiliate of a Debtor) to hold physical custody, for the account of the Agent, of any or all of the Collateral. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Agent accords its own property, it being understood that the Agent shall not have any responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Agent has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral, except, subject to the terms hereof, upon the written instructions of the Banks. Following the occurrence and continuance of an Event of Default, the Agent shall be entitled to take possession of the Collateral in accordance with the UCC.

Section 4.15 Future Subsidiaries / Additional Collateral.

(a) With respect to each Person which becomes a domestic Subsidiary (which, for all purposes of this Agreement, shall include any Subsidiary which is not a "controlled foreign corporation" under Section 956 of the Internal Revenue Code, or any successor provision) subsequent to the date hereof, within thirty (30) days of the date such Person becomes a domestic Subsidiary, Debtor will cause such Subsidiary to execute and deliver to the Agent, for the benefit of the Banks, a security agreement, substantially in the form

of this Agreement (or joinder agreement satisfactory to Agent in the form attached hereto as *Exhibit B*), granting to the Agent, for the benefit of the Banks, a first priority security interest, mortgage and lien encumbering all right, title and interest of such Person in property, rights and interests of the type included in the definition of the Collateral, subject to (i) no Liens with respect to any Pledged Shares, and (ii) only the Permitted Liens and other Liens permitted under Section 8.2 of the Credit Agreement with respect to all other Collateral.

(b) With respect to any intellectual property owned, licensed or otherwise acquired by any Debtor after the date hereof, and with respect to any patent, trademark or copyright which is not registered or filed with the U.S. Patent and Trademark Office and/or the U.S. Copyright Office at the time such Collateral is pledged by a Debtor to the Agent pursuant to this Security Agreement, and which is subsequently registered or filed by such Debtor in the appropriate office, such Debtor shall execute or cause to be executed and delivered to Agent, simultaneously with the delivery of the Intellectual Property Report required by the Credit Agreement (i) an amendment, duly executed by such Debtor, in substantially the form of *Exhibit A* hereto, in respect of such additional or newly registered collateral or (ii) a new security agreement, duly executed by the applicable Debtor, in substantially the form of this Agreement, in respect of such additional or newly registered collateral, granting to Agent, for the benefit of the Banks, a first priority security interest, pledge and lien thereon (subject only to the Permitted Liens and the other Liens permitted under Section 8.2 of the Credit Agreement), together in each case with all certificates, notes or other instruments representing or evidencing the same, and shall, upon Agent's request, execute or cause to be executed any financing statement or other document (including without limitation, filings required by the U.S. Patent and Trademark Office and/or the U.S. Copyright Office in connection with any such additional or newly registered collateral). Each Debtor hereby (x) authorizes the Agent to attach each Amendment to this Agreement, (y) agrees that all such additional collateral listed in any Amendment delivered to the Agent shall for all purposes hereunder constitute Collateral, and (z) is deemed to have made, upon the delivery of each such Amendment, the representations and warranties contained in Sections 3.1, 3.2, 3.5, and 3.7 of this Agreement with respect to the Collateral covered thereby.

Section 4.16 Promissory Notes and Tangible Chattel Paper.

If Debtors shall, collectively, now or at any time hereafter, hold or acquire any promissory notes or tangible Chattel Paper, worth, in the aggregate, in excess of \$100,000, the applicable Debtors shall forthwith endorse, assign and deliver the same to the Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Agent may from time to time reasonably specify.

Section 4.17 Electronic Chattel Paper and Transferable Records.

If Debtors, now or at any time hereafter, collectively hold or acquire an interest in any electronic Chattel Paper or any "transferable record," as that term is defined in the federal Electronic Signatures in Global and National Commerce Act, or in the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, worth, in the aggregate, in excess of

\$100,000, the applicable Debtors shall promptly notify the Agent thereof and, at the request and option of the Agent, shall take such action as the Agent may reasonably request to vest in the Agent control, under Section 9-105 of the UCC, of such electronic chattel paper or control under the federal Electronic Signatures in Global and National Commerce Act, or the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

Section 4.18 Letter-of-Credit Rights.

If Debtors are, collectively, now or at any time hereafter, beneficiaries under letters of credit, with an aggregate face amount in excess of \$100,000, the applicable Debtors shall promptly notify the Agent thereof and, at the request and option of the Agent, the applicable Debtors shall, pursuant to an agreement in form and substance reasonably satisfactory to the Agent either (a) arrange for the issuer and any confirmer of such letters of credit to consent to an assignment to the Agent of the proceeds of the letters of credit or (b) arrange for the Agent to become the transferee beneficiary of the letters of credit, with the Agent agreeing, in each case, that the proceeds of the letters of credit are to be applied as an optional prepayment as described in the Credit Agreement.

Section 4.19 Commercial Tort Claims.

If Debtors shall collectively, now or at any time hereafter, hold or acquire commercial tort claims, which in the aggregate are in excess of \$100,000, the applicable Debtors shall immediately notify the Agent in a writing signed by such Debtors of the particulars thereof and grant to the Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Agent.

Section 4.20 Pledged Shares.

All certificates or instruments representing or evidencing the Pledged Shares or any Debtor's rights therein shall be delivered to Agent promptly upon Debtor gaining any rights therein, in suitable form for transfer by delivery or accompanied by duly executed stock powers or instruments of transfer or assignments in blank, all in form and substance reasonably acceptable to the Agent.

Section 4.21 Intellectual Property.

(a) Each Debtor agrees to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) defend, enforce, preserve the validity and ownership of, and maintain each trademark registration and each Trademark License identified on *Schedule E* hereto, and (ii) pursue each trademark application now or hereafter identified on *Schedule E* hereto, including, without limitation, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of applications for renewal, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, and the participation in opposition, cancellation, infringement and misappropriation proceedings, except, in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them.

Each Debtor agrees to take corresponding steps with respect to each new or acquired trademark registration, trademark application or any rights obtained under any Trademark License, in each case, which it is now or later becomes entitled, except in each case in which such Debtor has determined, using its commercially reasonable judgment, that any of the foregoing is not of material economic value to it. Any expenses incurred in connection with such activities shall be borne by the Debtors.

(b) Each Debtor to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) defend, enforce, preserve the validity and ownership of, and maintain each Patent and each Patent License identified on *Schedule E* hereto, and (ii) pursue each patent application, now or hereafter identified on *Schedule E* hereto, including, without limitation, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, infringement and misappropriation proceedings, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Each Debtor agrees to take corresponding steps with respect to each new or acquired Patent, patent application, or any rights obtained under any Patent License, in each case, which it is now or later becomes entitled, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Any expenses incurred in connection with such activities shall be borne by the Debtors.

(c) Each Debtor agrees to take all necessary steps, including, without limitation, in the United States Copyright Office or in any court, to (i) defend, enforce, and preserve the validity and ownership of each Copyright and each Copyright License identified on *Schedule E* hereto, and (ii) pursue each copyright and mask work application, now or hereafter identified on *Schedule E* hereto, including, without limitation, the payment of applicable fees, and the participation in infringement and misappropriation proceedings, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Each Debtor agrees to take corresponding steps with respect to each new or acquired Copyright, copyright and mask work application, or any rights obtained under any Copyright License, in each case, which it is now or later becomes entitled, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Any expenses incurred in connection with such activities shall be borne by the Debtors.

(d) The Debtors shall not abandon any Trademark, Patent, Copyright or any pending trademark, copyright, mask work or patent application, without the written consent of the Agent, unless the Debtors shall have previously determined, using their commercially reasonable judgment, that such use or the pursuit or maintenance of such trademark registration, Patent, Copyright registration or pending trademark, copyright, mask work or patent application is not of material economic value to it, in which case, the

Debtors give notice of any such abandonment to the Bank in the Intellectual Property Report delivered to Agent pursuant to the requirements of the Credit Agreement.

(e) In the event that a Debtor becomes aware that any item of the Intellectual Property Collateral which such Debtor has determined, using its commercially reasonable judgment, to be material to its business is infringed or misappropriated by a third party, such Debtor shall promptly notify the Agent promptly and in writing, in reasonable detail, and shall take such actions as such Debtor or the Agent deems reasonably appropriate under the circumstances to protect such Intellectual Property Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation. Any expense incurred in connection with such activities shall be borne by the Debtors. Each Debtor will advise the Bank promptly and in writing, in reasonable detail, of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding any material item of the Intellectual Property Collateral.

For purposes of this Section 4.21, so long as no Default or Event of Default has occurred and is continuing under the Credit Agreement, the Debtors' exercise of good faith business judgment under this Section 4.21 shall be deemed to constitute the exercise of commercially reasonable judgment.

ARTICLE 5

Rights of the Agent

Section 5.1 Power of Attorney. Each Debtor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of such Debtor or in its own name, to take, after the occurrence and during the continuance of an Event of Default, any and all actions, and to execute any and all documents and instruments which the Agent at any time and from time to time deems necessary, to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, such Debtor hereby gives the Agent the power and right on behalf of such Debtor and in its own name to do any of the following after the occurrence and during the continuance of an Event of Default, without notice to or the consent of such Debtor:

(a) to demand, sue for, collect or receive, in the name of such Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title or any other instruments for the payment of money under the Collateral or any policy of insurance;

(b) to pay or discharge taxes, Liens (other than Permitted Liens and the other Liens permitted under Section 8.2 of the Credit Agreement) or other encumbrances levied or placed on or threatened against the Collateral;

(c) (A) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Agent or as the Agent shall direct; (B) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications and notices in connection with accounts and other documents relating to the Collateral; (D) to commence and prosecute any suit, action or proceeding at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against such Debtor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; (G) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depository, transfer agent, registrar or other designated agency upon such terms as the Agent may determine; (H) to add or release any guarantor, indorser, surety or other party to any of the Collateral; (I) to renew, extend or otherwise change the terms and conditions of any of the Collateral; (J) to make, settle, compromise or adjust any claim under or pertaining to any of the Collateral (including claims under any policy of insurance); (K) subject to any pre-existing rights or licenses, to assign any Patent, Copyright or Trademark constituting Intellectual Property Collateral (along with the goodwill of the business to which any such Patent, Copyright or Trademark pertains), for such term or terms, on such conditions and in such manner, as the Agent shall in its sole discretion determine, and (L) to sell, transfer, pledge, convey, make any agreement with respect to, or otherwise deal with, any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and such Debtor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve, maintain, or realize upon the Collateral and the Agent's security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable. The Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Agent in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. This power of attorney is conferred on the Agent solely to protect, preserve, maintain and realize upon its security interest in the Collateral. The Agent shall not be responsible for any decline in the value of the Collateral and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve or maintain any Lien given to secure the Collateral.

Section 5.2 Setoff. In addition to and not in limitation of any rights of any Banks under applicable law, the Agent and each Bank shall, upon the occurrence and continuance of an Event of Default, without notice or demand of any kind, have the right to appropriate and apply to the payment of the Indebtedness owing to it (whether or not then due) any and all balances, credits, deposits, accounts or moneys of Debtors then or thereafter on deposit with such Banks;

provided, however, that any such amount so applied by any Bank on any of the Indebtedness owing to it shall be subject to the provisions of the Credit Agreement.

Section 5.3 Assignment by the Agent. The Agent may at any time assign or otherwise transfer all or any portion of its rights and obligations as Agent under this Agreement and the other Loan Documents (including, without limitation, the Indebtedness) to any other Person, to the extent permitted by, and upon the conditions contained in, the Credit Agreement and such Person shall thereupon become vested with all the benefits and obligations thereof granted to the Agent herein or otherwise.

Section 5.4 Performance by the Agent. If any Debtor shall fail to perform any covenant or agreement contained in this Agreement, the Agent may (but shall not be obligated to) perform or attempt to perform such covenant or agreement on behalf of the Debtors, in which case Agent shall exercise good faith and make diligent efforts to give Debtors prompt prior written notice of such performance or attempted performance. In such event, the Debtors shall, at the request of the Agent, promptly pay any reasonable amount expended by the Agent in connection with such performance or attempted performance to the Agent, together with interest thereon at the interest rate set forth in the Credit Agreement, from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that the Agent shall not have any liability or responsibility for the performance (or non-performance) of any obligation of the Debtors under this Agreement.

Section 5.5 Certain Costs and Expenses. The Debtors shall pay or reimburse the Agent within five (5) Business Days after demand for all reasonable costs and expenses (including reasonable attorney's and paralegal fees) incurred by it in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of any of the Indebtedness (including in connection with any "workout" or restructuring regarding the Indebtedness, and including in any insolvency proceeding or appellate proceeding). The agreements in this Section 5.5 shall survive the payment in full of the Indebtedness. Notwithstanding the foregoing, the reimbursement of any fees and expenses incurred by the Banks shall be governed by the terms and conditions of the applicable Credit Agreement.

Section 5.6 Indemnification. The Debtors shall indemnify, defend and hold the Agent, and each Bank and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including reasonable attorneys' and paralegals' fees) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Indebtedness and the termination, resignation or replacement of the Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Indemnified Person in any way relating to or arising out of this Agreement or any other Loan Document or any document relating to or arising out of or referred to in this Agreement or any other Loan Document, or the transactions contemplated hereby, or any action taken or omitted by any such Indemnified Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any "Bankruptcy Proceeding" (as defined in the

Credit Agreement) or appellate proceeding) related to or arising out of this Agreement or the Indebtedness or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Debtors shall have no obligation under this Section 5.6 to any Indemnified Person with respect to Indemnified Liabilities to the extent resulting from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section 5.6 shall survive payment of all other Indebtedness.

ARTICLE 6

Default

Section 6.1 Rights and Remedies. If an Event of Default shall have occurred and be continuing, the Agent shall have the following rights and remedies subject to the direction and/or consent of the Banks as required under the Credit Agreement:

(a) The Agent may exercise any of the rights and remedies set forth in the Credit Agreement (including, without limitation, in Article 5 of this Agreement) or by applicable law.

(b) In addition to all other rights and remedies granted to the Agent in this Agreement, the Credit Agreement or by applicable law, the Agent shall have all of the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral) and the Agent may also, without previous demand or notice except as specified below or in the Credit Agreement, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Agent may, in its reasonable discretion, deem commercially reasonable or otherwise as may be permitted by law. Without limiting the generality of the foregoing, the Agent may (A) without demand or notice to the Debtors (except as required under the Credit Agreement or applicable law), collect, receive or take possession of the Collateral or any part thereof, and for that purpose the Agent (and/or its Agents, servicers or other independent contractors) may enter upon any premises on which the Collateral is located and remove the Collateral therefrom or render it inoperable, and/or (B) sell, lease or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at the Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Agent may, in its reasonable discretion, deem commercially reasonable or otherwise as may be permitted by law. The Agent and, subject to the terms of the Credit Agreement, each of the Banks shall have the right at any public sale or sales, and, to the extent permitted by applicable law, at any private sale or sales, to bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) and become a purchaser of the Collateral or any part thereof free of any right of redemption on the part of the Debtors, which right of redemption is hereby expressly waived and released by the Debtors to the extent permitted by applicable law. The Agent may require the Debtors to assemble the Collateral and make it available to the Agent at any place designated by the Agent to allow Agent to take possession or dispose of such Collateral. The Debtors agree that the Agent shall not be obligated to give more than five (5) days prior written notice

of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. The foregoing shall not require notice if none is required by applicable law. The Agent shall not be obligated to make any sale of Collateral if, in the exercise of its reasonable discretion, it shall determine not to do so, regardless of the fact that notice of sale of Collateral may have been given. The Agent may, without notice or publication (except as required by applicable law), adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. The Debtors shall be liable for all reasonable expenses of retaking, holding, preparing for sale or the like, and all reasonable attorneys' fees, legal expenses and other costs and expenses incurred by the Agent in connection with the collection of the Indebtedness and the enforcement of the Agent's rights under this Agreement and the Credit Agreement. The Debtors shall, to the extent permitted by applicable law, remain liable for any deficiency if the proceeds of any such sale or other disposition of the Collateral (conducted in conformity with this clause (ii) and applicable law) applied to the Indebtedness are insufficient to pay the Indebtedness in full. The Agent shall apply the proceeds from the sale of the Collateral hereunder against the Indebtedness in such order and manner as provided in the Credit Agreement.

(c) The Agent may cause any or all of the Collateral held by it to be transferred into the name of the Agent or the name or names of the Agent's nominee or nominees.

(d) The Agent may exercise any and all rights and remedies of the Debtors under or in respect of the Collateral, including, without limitation, any and all rights of the Debtors to demand or otherwise require payment of any amount under, or performance of any provision of any of the Collateral and any and all voting rights and corporate powers in respect of the Collateral.

(e) On any sale of the Collateral, the Agent is hereby authorized to comply with any limitation or restriction with which compliance is necessary (based on a reasoned opinion of the Agent's counsel) in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable Governmental Authority.

(f) The Agent may direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Agent or as the Agent shall direct.

(g) In the event of any sale, assignment or other disposition of the Intellectual Property Collateral, the goodwill of the business connected with and symbolized by any Trademark Collateral subject to such disposition shall be included, and the Debtors shall supply to the Agent or its designee the Debtors' know-how and expertise related to the Intellectual Property Collateral subject to such disposition, and the Debtors' notebooks, studies, reports, records, documents and things embodying the same or relating to the

inventions, processes or ideas covered by and to the manufacture of any products under or in connection with the Intellectual Property Collateral subject to such disposition.

(h) For purposes of enabling the Agent to exercise its rights and remedies under this Section 6.1 and enabling the Agent and its successors and assigns to enjoy the full benefits of the Collateral, the Debtors hereby grant to the Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Debtors) to use, assign, license or sublicense any of the Intellectual Property Collateral, Computer Records or Software (including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and all computer programs used for the completion or printout thereof), exercisable upon the occurrence and during the continuance of an Event of Default (and thereafter if Agent succeeds to any of the Collateral pursuant to an enforcement proceeding or voluntary arrangement with Debtor), except as may be prohibited by any licensing agreement relating to such Computer Records or Software. This license shall also inure to the benefit of all successors, assigns, transferees of and purchasers from the Agent.

Section 6.2 Private Sales.

(a) In view of the fact that applicable securities laws may impose certain restrictions on the method by which a sale of the Pledged Shares may be effected after an Event of Default, Debtors agree that upon the occurrence and during the continuance of an Event of Default, Agent may from time to time attempt to sell all or any part of the Pledged Shares by a private sale in the nature of a private placement, restricting the bidders and prospective purchasers to those who will represent and agree that they are "accredited investors" within the meaning of Regulation D promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and are purchasing for investment only and not for distribution. In so doing, Agent may solicit offers for the Pledged Shares, or any part thereof, from a limited number of investors who might be interested in purchasing the Pledged Shares. Without limiting the methods or manner of disposition which could be determined to be commercially reasonable, if Agent hires a firm of regional or national reputation that is engaged in the business of rendering investment banking and brokerage services to solicit such offers and facilitate the sale of the Pledged Shares, then Agent's acceptance of the highest offer (including its own offer, or the offer of any of the Banks at any such sale) obtained through such efforts of such firm shall be deemed to be a commercially reasonable method of disposition of such Pledged Shares. The Agent shall not be under any obligation to delay a sale of any of the Pledged Shares for the period of time necessary to permit the issuer of such securities to register such securities under the laws of any jurisdiction outside the United States, under the Securities Act or under any applicable state securities laws, even if such issuer would agree to do so.

(b) The Debtors further agree to do or cause to be done, to the extent that the Debtors may do so under applicable law, all such other reasonable acts and things as may be necessary to make such sales or resales of any portion or all of the Collateral valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental

instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at the Debtors' expense.

Section 6.3 Establishment of Cash Collateral Account; and Lock Box.

(a) Immediately upon the occurrence and during the continuance of an Event of Default (without the necessity of any notice hereunder), there shall be established by each Debtor with Agent, for the benefit of the Banks in the name of the Agent, a segregated non-interest bearing cash collateral account (the "Cash Collateral Account") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Agent and the Banks; provided, however, that the Cash Collateral Account may be an interest-bearing account with a commercial bank (including Comerica or any other Bank which is a commercial bank) if determined by the Agent, in its reasonable discretion, to be practicable, invested by Agent in its sole discretion, but without any liability for losses or the failure to achieve any particular rate of return. Furthermore, in connection with the establishment of a Cash Collateral Account under the first sentence of this Section 6.3 (and on the terms and within the time periods provided thereunder), (i) each Debtor agrees to establish and maintain (and Agent, acting at the request of the Banks, may establish and maintain) at Debtor's sole expense a United States Post Office lock box (the "Lock Box"), to which Agent shall have exclusive access and control. Each Debtor expressly authorizes Agent, from time to time, to remove the contents from the Lock Box for disposition in accordance with this Agreement; and (ii) each Debtor shall notify all account debtors that all payments made to Debtor (a) other than by electronic funds transfer, shall be remitted, for the credit of Debtor, to the Lock Box, and Debtor shall include a like statement on all invoices, and (b) by electronic funds transfer, shall be remitted to the Cash Collateral Account, and Debtor shall include a like statement on all invoices. Each Debtor agrees to execute all documents and authorizations as reasonably required by the Agent to establish and maintain the Lock Box and the Cash Collateral Account. It is acknowledged by the parties hereto that any lockbox presently maintained or subsequently established by a Debtor with Agent may be used, subject to the terms hereof, to satisfy the requirements set forth in the first sentence of this Section 6.3.

(b) Immediately upon the occurrence and during the continuance of an Event of Default, any and all cash (including amounts received by electronic funds transfer), checks, drafts and other instruments for the payment of money received by each Debtor at any time, in full or partial payment of any of the Collateral consisting of Accounts or Inventory, shall forthwith upon receipt be transmitted and delivered to Agent, properly endorsed, where required, so that such items may be collected by Agent. Any such amounts and other items received by a Debtor shall not be commingled with any other of such Debtor's funds or property, but will be held separate and apart from such Debtor's own funds or property, and upon express trust for the benefit of Agent until delivery is made to Agent. All items or amounts which are remitted to a Lock Box or otherwise delivered by or for the benefit of a Debtor to Agent on account of partial or full payment of, or any other amount payable with respect to, any of the Collateral shall, at Agent's option, be applied to any of the Indebtedness, whether then due or not, in the order and manner set forth in the Credit Agreement. No Debtor shall have any right whatsoever to withdraw any funds so deposited. Each Debtor further grants to Agent a first security

interest in and lien on all funds on deposit in such account. Each Debtor hereby irrevocably authorizes and directs Agent to endorse all items received for deposit to the Cash Collateral Account, notwithstanding the inclusion on any such item of a restrictive notation, e.g., "paid in full", "balance of account", or other restriction.

Section 6.4 Default Under Credit Agreement. Subject to any applicable notice and cure provisions contained in the Credit Agreement, the occurrence of any Event of Default (as defined in the Credit Agreement), including without limit a breach of any of the provisions of this Agreement, shall be deemed to be an Event of Default under this Agreement. This Section 6.4 shall not limit the Events of Default set forth in the Credit Agreement.

ARTICLE 7 **Miscellaneous**

Section 7.1 No Waiver; Cumulative Remedies. No failure on the part of the Agent to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 7.2 Successors and Assigns. Subject to the terms and conditions of the Credit Agreement, this Agreement shall be binding upon and inure to the benefit of the Debtors and the Agent and their respective heirs, successors and assigns, except that the Debtors may not assign any of their rights or obligations under this Agreement without the prior written consent of the Agent.

Section 7.3 AMENDMENT; ENTIRE AGREEMENT. THIS AGREEMENT AND THE CREDIT AGREEMENT REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the parties hereto.

Section 7.4 Notices. All notices, requests, consents, approvals, waivers and other communications hereunder shall be in writing (including, by facsimile transmission) and mailed, faxed or delivered to the address or facsimile number specified for notices on signature pages hereto; or, as directed to the Debtors or the Agent, to such other address or number as shall be designated by such party in a written notice to the other. All such notices, requests and communications shall, when sent by overnight delivery, or faxed, be effective when delivered for overnight (next business day) delivery, or transmitted in legible form by facsimile machine (with electronic confirmation of receipt), respectively, or if mailed, upon the third Business Day after

the date deposited into the U.S. mail, or if otherwise delivered, upon delivery; except that notices to the Agent shall not be effective until actually received by the Agent.

Section 7.5 GOVERNING LAW; SUBMISSION TO JURISDICTION; SERVICE OF PROCESS.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF MICHIGAN.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF MICHIGAN OR OF THE UNITED STATES FOR THE EASTERN DISTRICT OF MICHIGAN, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE DEBTOR AND THE AGENT CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE DEBTOR AND THE AGENT IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY LOAN DOCUMENT.

Section 7.6 Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 7.7 Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by the Agent shall affect the representations and warranties or the right of the Agent or the Banks to rely upon them.

Section 7.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.9 Waiver of Bond. In the event the Agent seeks to take possession of any or all of the Collateral by judicial process, the Debtors hereby irrevocably waive any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

Section 7.10 Severability. Any provision of this Agreement which is determined by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.11 Construction. Each Debtor and the Agent acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the Debtors and the Agent.

Section 7.12 Termination. If all of the Indebtedness (other than contingent liabilities pursuant to any indemnity, including without limitation Sections 5.5 and 5.6 hereof, for claims which have not been asserted, or which have not yet accrued) shall have been indefeasibly paid and performed in full (in cash) and all commitments to extend credit or other credit accommodations under the Credit Agreement have been terminated, the Agent shall, upon the written request of the Debtors, execute and deliver to the Debtors a proper instrument or instruments acknowledging the release and termination of the security interests created by this Agreement, and shall duly assign and deliver to the Debtors (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Agent and has not previously been sold or otherwise applied pursuant to this Agreement.

Section 7.13 Release of Collateral. The Agent shall, upon the written request of the Debtors, execute and deliver to the Debtors a proper instrument or instruments acknowledging the release of the security interest and liens established hereby on any Collateral (other than the Pledged Shares): (a) if the sale or other disposition of such Collateral is permitted under the terms of the Credit Agreement and, at the time of such proposed release, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing, (b) if the sale or other disposition of such Collateral is not permitted under the terms of the Credit Agreement, provided that the requisite Banks under such Credit Agreement shall have consented to such sale or disposition in accordance with the terms thereof, or (c) if such release has been approved by the requisite Banks in accordance with Section 12.11 of the Credit Agreement.

Section 7.14 WAIVER OF JURY TRIAL. EACH DEBTOR AND THE AGENT WAIVES ITS RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER SUCH PARTY AGAINST THE OTHER, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH DEBTOR AND THE AGENT AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH SUCH PARTY FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

Section 7.15 Consistent Application. The rights and duties created by this Agreement shall, in all cases, be interpreted consistently with, and shall be in addition to (and not in lieu of), the rights and duties created by the Credit Agreement or the other Loan Documents. In the event

that any provision of this Agreement shall be inconsistent with any provision of the Credit Agreement, such provision of the Credit Agreement shall govern.

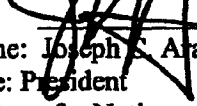
Section 7.16 Continuing Lien. The security interest granted under this Security Agreement shall be a continuing security interest in every respect (whether or not the outstanding balance of the Indebtedness is from time to time temporarily reduced to zero) and Agent's security interest in the Collateral as granted herein shall continue in full force and effect for the entire duration that the Credit Agreement remains in effect and until all of the Indebtedness are repaid and discharged in full, and no commitment (whether optional or obligatory) to extend any credit under the Credit Agreement remain outstanding.

Section 7.17 Continuing Lien. Schedules delivered in connection with this Security Agreement prospectively disclose information applicable to Staktek GP LLC, Staktek LP LLC and Staktek Group L.P., each of which shall become Borrowers under the Credit Agreement and Debtors under this Agreement upon execution and delivery of the Assumption Agreement.

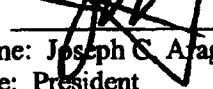
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTORS:

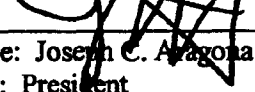
SC MERGER SUB, INC.

By: 
Name: Joseph C. Aragona
Title: President
Address for Notices:
8900 School Creek Blvd., Building 100
Austin, Texas 78757
Fax No.:
Telephone No.:
Attention: Joseph C. Aragona

STAKTEK HOLDINGS, INC.

By: 
Name: Joseph C. Aragona
Title: President
Address for Notices:
8900 School Creek Blvd., Building 100
Austin, Texas 78757
Fax No.:
Telephone No.:
Attention: Joseph C. Aragona

RESEARCH APPLICATIONS, INC.

By: 
Name: Joseph C. Aragona
Title: President
Address for Notices:
8900 School Creek Blvd., Building 100
Austin, Texas 78757
Fax No.:
Telephone No.:
Attention: Joseph C. Aragona

AGENT:

COMERICA BANK, as Agent

By: 

Name: DAVID S. McLachlan

Title: Vice President

Address for Notices:

One Detroit Center, 9th Floor

500 Woodward Avenue

Detroit, Michigan 48226

Telephone No.: 313/222/9434

Attention: *Everett Carrier*

Schedule A

Location of Inventory and Equipment

<u>Location</u>	<u>Landlord/ Bailee</u>
8900 Shoal Creek Blvd., Building 100, Austin, Texas 78757	Landlord: 8900 Shoal Creek, a Texas General Partnership c/o Trammell Crow Central Texas, Ltd. 301 Congress Ave., Suite 1300 Austin, Texas 7801
3009 Industrial Terrace, Austin, Texas 78758	Landlord: Bill Gaston, Inc., a Texas corporation 7600 Burnet Rd., Suite 210 Austin, Texas 78757
Lot 1, Fraction 9 of Parque Industrial Del Norte, Reynosa, State of Tamaulipas, Mexico (the " <u>Reynosa Property</u> ") leased from Staktek Properties, S. de R.L. de C.V. (" <u>Staktek Properties</u> "), by Staktek Mexico, S. de R.L. de C.V. (" <u>Staktek Mexico</u> ").	Landlord/Bailee: Staktek Properties Ave. Industrial Rio San Juan Manzana 9, Lote 1 Parq. In Del Nte., Esq. Ave. Ind. Reynosa, Tamaulipas, Mexico 88730

Schedule A (continued)

Deposit Accounts

Holdings

Account No. 1892025014
Comerica Bank- California
226 Airport Parkway
San Jose, California 95110

Company:

See attached one (1) page

RAI:

Account No. 59-1039636
Analyzed Checking
Frost Bank
P.O. Box 1727
Austin, Texas 78767
Authorized Signatory: Alex Massad

Account No. 59-6002285
Business Money Market
Frost Bank
P.O. Box 1727
Austin, Texas 78767
Authorized Signatory: Alex Massad

Schedule B

List of Jurisdictions in which to File Financing Statements

Texas

Delaware

Travis County, Texas

Schedule C

Organizational Information

<u>Debtor</u>	<u>Jurisdiction of Organization</u>	<u>Registration Number</u>
Staktek Holdings, Inc.	Delaware	3656851
Research Applications, Inc..	Texas	1064142
Staktek Corporation	Texas	1155336
SC Merger Sub, Inc	Texas	800214961*
Staktek GP LLC	Delaware	3288234
Staktek LP LLC	Delaware	3288239
Staktek Group L.P.	Texas	00139795-10

* Following the merger of SC Merger Sub, Inc. with and into Staktek Corporation, the separate corporate existence of SC Merger Sub, Inc. shall cease and Staktek Corporation shall continue as the surviving corporation.

Schedule D

Pledged Shares and Shares of Subsidiaries

Issuer	Class of Security	Par Value	Debtors Holding Pledged Shares	Percentage of Issued/ Outstanding Shares
Staktek Corporation (surviving corp)	Common Stock	\$0.001	Staktek Holdings, Inc.	100%
Research Applications, Inc. (surviving corp)	Common Stock	\$0.001	Staktek Holdings, Inc.	100%
Staktek GP, LLC	Membership Interests	NA	Staktek Corporation	100%
Staktek LP, LLC	Membership Interests	NA	Staktek Corporation	100%
Staktek Group L.P.	Limited Partnership Interests	NA	Staktek GP, LLC Staktek LP, LLC	1% 99%

Schedule E

Trademarks, Patents and Licenses

The Company discloses the following Trademarks, Patents and Licenses:

A. Patents

Issued Patents

Patent No.	Title	Issue Date
US 5,236,117	Impact Solder Method and Apparatus	08/17/93
US 5,367,766*	Ultra High Density Integrated Circuit Packages Method	11/29/94
US 5,369,056	Warp-Resistant Ultra-Thin Integrated Circuit Package Fabrication Method	11/29/94
US 5,369,058*	Warp-Resistant Ultra-Thin Integrated Circuit Package Fabrication Method	11/29/94
US 5,377,077*	Ultra High Density Integrated Circuit Packages Method & Apparatus	12/27/94
US 5,420,751*	Ultra High Density Modular Integrated Circuit Package	05/30/95
US 5,446,620*	Ultra High Density Integrated Circuit Package	08/29/95
US 5,448,450*	Lead-On-Chip Integrated Circuit Apparatus	09/05/95
US 5,455,740*	Bus Communication System for Stacked High Density Integrated Circuit Packages	10/03/95
US 5,475,920	Method of Assembling Ultra High Density Circuit Packages	12/19/95
US 5,479,318*	Bus Communication System for Stacked High Density Integrated Circuit Packages with Trifurcated Distal Lead Ends	12/26/95
US 5,484,959*	High Density Lead On Package Fabrication Method & Apparatus	01/16/96
US 5,493,476*	Bus Communication System for Stacked High Density Integrated Circuit Packages with Bifurcated Distal Lead Ends	02/20/96
US 5,498,906*	Capacitive Coupling Configuration for an Integrated Circuit Package	03/12/96
US 5,499,160*	High Density Integrated Circuit Module with Snap-On Rail Assemblies	03/12/96
US 5,528,075	Lead-On-Chip Integrated Circuit Apparatus	06/18/96
US 5,541,812*	Bus Communication System for Stacked High Density Integrated Circuit Packages Having an Intermediate Lead Frame	07/30/96
US 5,543,664*	Ultra High Density Integrated Circuit Package	08/06/96
US 5,550,711*	Ultra High Density Integrated Circuit Packages	08/27/96
US 5,552,963*	Bus Communication System for Stacked High Density Integrated Circuit Packages	09/03/96
US 5,561,591	Multi-Signal Rail Assembly with Impedance Control for a Three-Dimensional High Density Integrated Circuit Package	10/01/96
US 5,566,051*	Ultra High Density Integrated Circuit Packages Method and Apparatus	10/15/96
US 5,572,065	Hermetically Sealed Ceramic Integrated Circuit Head Dissipating Package	11/05/96
US 5,581,121	Warp-Resistant Ultra-Thin Integrated Circuit Package	12/03/96
US 5,585,668	Integrated Circuit Package with Overlapped Die on a Common Lead Frame	12/17/96
US 5,586,009	Bus Communication System for Stacked High Density Integrated Circuit Packages	12/17/96
US 5,588,205	Method of Manufacturing a High Density Integrated Circuit Module Having Complex Electrical Interconnected Rails	12/31/96
US 5,592,364	High Density Integrated Circuit Module with Complex Electrical Interconnect Rails	01/07/97
US 5,605,592	Method of Manufacturing a Bus Communication System for Stacked High Density Integrated Circuit Packages	02/25/97
US 5,615,475	Method of Manufacturing an Integrated Package Having a Pair of Die on a Common Lead Frame	04/01/97
US 5,631,193*	High Density Lead-On Package Fabrication Method	05/20/97
US 5,644,161*	Ultra-High Density Warp-Resistant Memory Module	07/01/97
US 5,654,877	Lead-On-Chip Integrated Circuit Apparatus	08/05/97

US 5,702,985	Hermetically Sealed Ceramic Integrated Circuit Head Dissipating Package Fabrication Method	12/30/97
US 5,778,522	Method of Manufacturing a High Density Integrated Circuit Module with Complex Electrical Interconnect Rails Having Electrical Interconnected Strain Relief	07/14/98
US 5,783,464	Method of Forming a Hermetically Sealed Circuit Lead-On Package	07/21/98
US 5,801,437*	Three- Dimensional Warp-Resistant Integrated Circuit Module Method and Apparatus	09/01/98
US 5,804,870	Hermetically Sealed Ceramic Integrated Circuit Lead-On Package Configuration	09/08/98
US 5,828,125	Ultra-High Density Warp-Resistant Memory Module	10/27/98
US 5,843,807	Method of Manufacturing an Ultra-High Density Warp Resistant Memory Module	12/01/98
US 5,864,175*	Warp-Resistant Ultra-Thin Integrated Circuit Package Fabrication Method	01/26/99
US 5,895,232	Three-Dimensional Warp-Resistant Integrated Circuit Module Method and Apparatus	04/20/99
US RE36,229	Simulcast Standard Multichip Memory Addressing System	06/15/99
US 5,945,732	Apparatus and Method of Manufacturing a Warp Resistant Thermally Conductive Integrated Circuit Package	08/31/99
US 5,960,539	Method of Making High Density Integrated Circuit Module	10/05/99
US 5,978,227	Integrated Circuit Packages Having an Externally Mounted Lead Frame Having Bifurcated Distal Lead Ends	11/02/99
US 6,025,642	Ultra High Density Circuit Packages	02/15/00
US 6,049,123	Ultra High Density Integrated Circuit Packages	04/11/00
US 6,168,970	Ultra High Density Integrated Circuit Packages	01/02/01
US 6,190,939	Method of Manufacturing a Warp Resistant Thermally Conductive Circuit Package	02/20/01
US 6,194,247	Warp-Resistant Ultra-Thin Integrated Circuit Package Fabrication Method	02/27/01
US 6,205,654	Method of Manufacturing a Surface Mount Package	03/27/01
US 6,282,210	Clock Driver with Instantaneously Selectable Phase and Method for Use in Data Communication Systems	08/28/01
US 6,288,907	High Density Integrated Circuit Module With Complex Electrical Interconnect Rails Having Electrical Interconnect Strain Relief	09/11/01
US 6,310,392	Stacked Micro Ball Grid Array Packages	10/30/01
US 6,404,662	Rambus Stakpak	06/11/02
US 6,462,408	Contact Member Stacking System and Method	08/08/02
US 6,572,387	Flexible Circuit Connector for Stacked Chip Module (254-071C1)	06/03/03
US 6,576,992	Chip Scale Stacking System and Method (254-094)	06/10/03

* Certificate of Correction received

Patents Allowed But Not Yet Issued

Pat. App. No.	Title	Issue Fee Paid
09/663,753 [Ⓢ]	Stacking System and Method	07/02/02
09/916,625 [Ⓢ]	Wide Data Path Stacking System and Method (254-086)	07/02/03

Pending Patent Applications

Pat. App. No.	Title	Date Filed
09/663,753 [Ⓢ]	Stacking System and Method (254-077)	09/15/00
09/761,210	Method of Manufacturing a Surface Mount Package (254-080)	01/16/01
09/916,625 [Ⓢ]	Wide Data Path Stacking System and Method (254-086)	07/27/01
10/092,104	Contact Member Stacking System and Method (254-082D1)	03/06/02
10/136,890	Integrated Circuit Stacking System and Method (254-094CP1)	05/02/02
PCTUS02/34340	Chip Scale Stacking System and Method (254.094.PCT)	10/25/02
10/400,309	Stacking System and Method (254-094C1)	03/27/03
10/435,192	Modularized Die Stacking (254-94CIP-2)	05/09/03
10/449,242	Flexible Circuit Connector for Stacked Chip Module (P-01815-USO/C1/C1)	05/30/03
10/453,398	Memory Expansion and Chip Scale Stacking System and Method (254-094-CIP4)	06/03/03
10/457,608	Low Profile Stacking System and Method (254-94-CIP-3)	06/09/03
10/631,886	Low Profile Chip Scale Stacking System and Method (254-094-CIP-5)	07/11/03
TBA	Point to Point Memory Expansion Stacking System and Method (254-094-CIP4-CIP1)	07/21/03

Ⓢ allowed but not yet issued

Patents No Longer In Force Intentionally Allowed To Lapse

Patent No.	Title	Issue Date
US 5,221,642*	Lead On Chip Integrated Circuit Fabrication Method	06/22/93
US 5,279,029*	Ultra High Density Integrated Circuit Packages Method	01/18/94

Patents Planned For Abandonment

Patent No.	Title	Issue Date
US 5,475,920	Method of Assembling Ultra High Density Circuit Packages	12/19/95

Patents Surrendered Through Reissue Process

As required under the Reissue process (35 U.S.C. § 251), US 5,371,866 entitled "Simulcast Standard Multichip Memory Addressing System" was surrendered to the United States Patent and Trademark Office and was reissued as RE36,229.

Proceedings

See Schedule G hereof.

B. Trademarks

Registered Trademarks

Registration No.	Title	Issue Date
1,790,187	Registered Trademark – Stylized “S”	08/31/93
1,877,493	Registered Trademark “Stakpak”	02/07/95
1,987,882	Registered Trademark “Staktek”	07/23/96

C. Copyrights

The Company has not registered or applied to register any copyrights. The Company does not sell or license any Software.

Schedule E (continued)

Trademark Licenses, Patent Licenses, Copyright Licenses

License Agreement with Samsung Electronics Co., Ltd. and Samsung Semiconductor, Inc. dated as of November 5, 1997.

Agreement dated June 1, 2000 by and among Samsung Electronics Co., Ltd., Samsung Semiconductor, Inc. and the Company, and the related Addendum Agreement dated July 21, 2000.

License Agreement with DATA RAM dated as of July 15, 1998.

License Agreement with GoldenRAM dated as of July 15, 1998.

License Agreement with Unigen Corporation dated as of September 18, 1998.

License Agreement with Tanisys Technology dated as of September 28, 1998.

License Agreement with Celestica North America, Inc. dated as of October 23, 1998.

License Agreement with Workstation Direct dated as of October 29, 1998.

License Agreement with Eagle Links International, Inc. dated as of March 10, 1999.

See also attached 3 pages.

License Information

Software Name	Supplier	Function	Agreement Type	Duration	End Date
IFS	IFS	Company ERP Application	Software Maintenance	1 Year	08/31/03
Oracle 8.0	IFS	Company ERP Database Engine	Software Maintenance	1 Year	08/31/03
Pilgrim	Pilgrim Software	Company Document Control, Audit, and Training Application	Software Maintenance	1 Year	10/03/03
ADI Time	Legiant	Company Time and Attendance Application	Software Maintenance	1 Year	08/02/03
ADI Time	Legiant	Company Time and Attendance Application	Software Maintenance	1 Year	12/01/03
ADP	ADP	Company Payroll Application (US)	Volume Driven Pricing	NA	
Netlink	Netlink	Company Payroll Application (Mexico)	Volume Driven Pricing	NA	
McAfee	Network Associates	Company Antivirus Application	Software Maintenance	2 Years	12/01/04
Node Manager	HP	Network Node Management Application	Software Maintenance	1 Year	08/01/03
Messaging System	Nortel Networks	Mexico Voice Mail Application	NA		
PBX Application	Nortel Networks	Mexico PBX Application	NA		
Office 2000 Prof	Microsoft	Company Word Processing, and Spreadsheet Suite	NA		
Project 2000	Microsoft	Company Project Management Application	NA		
SQL 2000	Microsoft	Company Database Application	NA		
Crystal Reports	Seagate Software	Company Report Builder	NA		
Ghost Enterprise	Symantec	Company PC Management Application	NA		
WinZip	WinZip	Company Data Archive Application	NA		
SQC Pack	PQ Systems	Company Quality Control Application	NA		

Software Name	Supplier	Function	Agreement Type	Duration	End Date
Lab View	National Instruments	Company Quality Control Measurement Application	Software Maintenance	1 Year	07/01/03
RF Flow	RF Electronics	Company Flowcharting Software	NA		
AutoCad	AutoDesk	Company 2D Design/Layout Application	NA		
Altex Scientific:AVMI	Z View	Company Video Microscope Capture Application	NA		
SDX Xray Analysis	Agilent	Company Xray Analysis Application			
TestWise	Agilent	SPC Datacollection for 5DX System	NA		
Visual Slick Edit	MicroEdge	Developer Tool for 5DX System	NA		
Corfin LTR	Corfin	Company Solder Machine Application	NA		
Label View	Graphtek	Company Barcode Design and Printing Application	NA		
Seiko Automation	Seiko	Company Automation and Vision Optical Comparator Application			
NS7000	Seiko	Company Test Machine Interface and Controller Application	NA		
V++/AIM	ATS Southwest	Company StakNTak Operating and System Control Interface Application			
SmartTest	Agilent	Company Test Machine Interface and Controller			
Memory Test with Smart Test	Agilent	Company Test Machine Interface and Controller			

Software Name	Supplier	Function	Agreement Type	Duration	End Date
Scan Test with SmartTest	Agilent	Company Test Machine Interface and Controller			
Multisite Test with SmartTest	Agilent	Company Test Machine Interface and Controller			
Mixed Signal Test with SmartTest	Agilent	Company Test Machine Interface and Controller			
SmartAccess Test with SmartTest	Agilent	Company Test Machine Interface and Controller			
Reflections Suite	WRQ	X Windows interface for UNIX test machines	NA		
Basic X	Quality Vision Systems	Company Visual Optical Comparator Application	Software Maintenance	1 Year	11/01/03
ProModel	Promodel Corporation	Company IE Modeling and Simulation Application	Software Maintenance	1 Year	
CAM	PSI Software	Company Import/Export Application	Software Maintenance	1 Year	12/10/03
H-SPICE	AVANT!	Electrical Signal Integrity Simulation	Software Maintenance	1 Year	05/31/03
HYPERLYNX	AVANT!	Electrical IBIS Integrity Simulation	Software Maintenance	1 Year	05/31/03
SOLIDWORKS	SolidWorks	Mechanical Solid Model Design	Software Maintenance	1 Year	09/30/03
SOLIDWORKS	SolidWorks	Mechanical Solid Model Design	Software Maintenance	1 Year	11/20/03
ANSYS	ANSYS	Structural Analysis	Yearly Lease	1 Year	01/27/04
ALLEGRO	Cadence	Printed Wiring Board Layout	Software Maintenance	1 Year	02/14/04
ALLEGRO	Cadence	Printed Wiring Board Layout	Software Maintenance	1 Year	04/30/04
ALLEGRO	Cadence	Printed Wiring Board Layout	Software Maintenance	1 Year	12/18/03
FLOTERM	Flomerics	Thermal/Fluids Analysis	Yearly Lease	2 Years	04/30/05

Schedule F

Trade Names

Staktek

Stakpak

Schedule G

Intellectual Property Claims and Infringement

SimpleTech, Inc. filed a Complaint for Patent Infringement against Staktek Corporation in the U.S. District Court for the Central District of California on July 29, 2003, a copy of which has been made available to Comerica.

The Company has filed a complaint against Infineon in the U.S. District Court, Western District, in Austin, Texas, a copy of which has been made available to Comerica.

The Company or its Subsidiaries may receive notice, in the form of an allegation lodged by Infineon as part of an answer and/or counterclaim to the Company's claims against Infineon now pending in Staktek Group, L.P. v. Infineon Technologies (A.G., A03 CA 219 JN) or in the form of an allegation or claim in other proceedings initiated by Infineon, that the Company infringes an Intellectual Property Right owned by another or that one or more of the Staktek patents in suit being asserted against Infineon is invalid or unenforceable. The Company has no knowledge of any such infringement by the Company or invalidity or unenforceability of the patents in suit, but it is not unexpected for counterclaim allegations of this kind to be made in response to litigation such as that being brought by Staktek against Infineon.

**EXHIBIT A
TO
SECURITY AGREEMENT**

FORM OF AMENDMENT

This Amendment, dated _____, 20__, is delivered pursuant to Section [4.13/4.15] of the Security Agreement referred to below. The undersigned hereby agrees that this Amendment may be attached to the Security Agreement dated as of August 19, 2003, between the undersigned and Comerica Bank, as the Agent for the benefit of the Banks referred to therein (the "Security Agreement"), and [that the shares of stock, membership interests, partnership units, notes or other instruments listed on *Schedule D*] / [that the intellectual property listed on *Schedule E*] annexed hereto shall be and become part of the Collateral referred to in the Security Agreement and shall secure payment and performance of all Indebtedness as provided in the Security Agreement.

Capitalized terms used herein but not defined herein shall have the meanings therefor provided in the Security Agreement.

SC MERGER SUB, INC.

By: _____
Name: _____
Title _____

STAKTEK HOLDINGS, INC.

By: _____
Name: _____
Title _____

RESEARCH APPLICATIONS, INC.

By: _____
Name: _____
Title _____

STAKTEK GROUP L.P.

By: Staktek GP LLC
Its: General Partner

By: _____
Name: _____
Title _____

STAKTEK LP LLC

By: _____
Name: _____
Title _____

STAKTEK GP LLC

By: _____
Name: _____
Title _____

EXHIBIT B

**JOINDER AGREEMENT
(Security Agreement)**

THIS JOINDER AGREEMENT is dated as of _____, ____ by _____, a _____ ("New Debtor").

WHEREAS, pursuant to Section 7.19 of that certain Revolving Credit and Term Loan Agreement dated as of August 19, 2003 (as amended or otherwise modified from time to time, the "Credit Agreement") by and among SC Merger Sub, Inc., a Texas corporation ("Company"), Research Applications, Inc., a Texas corporation ("RAI") and Staktek Holdings, Inc., a Delaware corporation ("Holdings" and together with the Company, the "Borrowers") the Banks signatory thereto and Comerica Bank, as Agent for the Banks (in such capacity, "Agent"), and pursuant to Section 4.15 of that certain Security Agreement dated as of August 19, 2003 (the "Security Agreement") executed and delivered by the Debtors named therein ("Debtors") in favor of Agent, for and on behalf of the Banks, the New Debtor executed and delivered that certain Joinder Agreement dated as of _____, _____, in accordance with the Credit Agreement and the Security Agreement.

WHEREAS, in order to comply with Section 7.19 of the Credit Agreement, New Debtor executes and delivers this Joinder Agreement in accordance with the Credit Agreement.

NOW THEREFORE, as a further inducement to Banks to continue to provide credit accommodations to Borrowers (as defined in the Credit Agreement), New Debtor hereby covenants and agrees as follows:

E. All capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement unless expressly defined to the contrary.

F. New Debtor hereby enters into this Joinder Agreement in order to comply with Section 7.19 of the Credit Agreement and does so in consideration of the Advances made or to be made from time to time under the Credit Agreement (and the other Loan Documents, as defined in the Credit Agreement).

G. Schedule [insert appropriate Schedule] attached to this Joinder Agreement is intended to supplement Schedule [insert appropriate Schedule] of the Security Agreement with the respective information applicable to New Debtor.

H. New Debtor shall be considered, and deemed to be, for all purposes of the Credit Agreement, the Security Agreement and the other Loan Documents, a Debtor under the Security Agreement as fully as though New Debtor had executed and delivered the Security Agreement at the time originally executed and delivered under the Credit Agreement and hereby ratifies and confirms its obligations under the Security Agreement, all in accordance with the terms thereof.

I. No Default or Event of Default (each such term being defined in the Credit Agreement) has occurred and is continuing under the Credit Agreement.

J. This Joinder Agreement shall be governed by the laws of the State of Michigan and shall be binding upon New Debtor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned New Debtor has executed and delivered this Joinder Agreement as of _____, _____.

[NEW DEBTOR]

By: _____

Its: _____

ASSUMPTION AGREEMENT

This Assumption Agreement ("Assumption Agreement") dated as of August 21, 2003 by and among Staktek Holdings, Inc., a Delaware corporation ("Holdings"), Staktek Corporation, a Texas corporation, ("Staktek"), Research Applications, Inc. ("RAI"), Staktek Group L.P., a Texas limited partnership ("Staktek Group"), Staktek GP LLC, a Delaware limited liability company ("Staktek GP") and Staktek LP LLC, a Delaware limited liability company ("Staktek LP" and together with Staktek Group and Staktek GP, the "Companies") and Comerica Bank, as Administrative Agent for the Banks ("Agent").

RECITALS:

- A. Agent, the banks from time to time parties thereto (the "Banks"), Holdings, RAI and SC Merger Sub, Inc., which has merged with and into Staktek as of the date hereof, entered into that certain Revolving Credit and Term Loan Agreement dated as of August 19, 2003, as amended or modified from time to time (the "Credit Agreement"; all capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement).
- B. Pursuant to Section 7.25 of the Credit Agreement, the Companies are required to enter into this Assumption Agreement on the terms and conditions set forth herein, and RAI, Staktek and Holdings are required to confirm their continuing obligations under the Credit Agreement.
- C. RAI, Staktek, Holdings and the Companies have requested the Agent's consent and agreement to the execution and delivery of this Assumption Agreement, subject to the terms and conditions set forth herein.

NOW, THEREFORE, Companies, Staktek, Holdings, RAI and Agent (for and on behalf of the Banks) agree as follows:

1. Each of the Companies (a) assumes and agrees to perform all indebtedness, liabilities and obligations of Staktek, RAI and Holdings, whether now existing or hereafter arising under the Credit Agreement and the other Loan Documents executed in connection therewith (including, but not limited to the Security Agreement and the Consent to the AV Subordination Agreement), and (b) agrees to pay and perform all such indebtedness, liabilities and/or obligations in the time and manner required under the Credit Agreement and the other Loan Documents executed in connection therewith.
2. Each Company agrees to be bound by the terms and conditions of the Credit Agreement and the other Loan Documents (including, but not limited to the Security Agreement and the Consent to the AV Subordination Agreement)

executed in connection therewith as if such Company had originally executed them. Each Company agrees to execute any such additional agreements, documents, and instruments as Agent shall reasonably request to evidence such assumption.

3. The parties hereto acknowledge and agree that (a) each of Staktek, RAI and Holdings remains obligated as a Borrower under the Credit Agreement, and is required to perform all liabilities and obligations of a Borrower thereunder, (b) each reference in the Credit Agreement to SC Merger Sub, Inc. shall be deemed to be a reference to Staktek, and (c) each reference in the Credit Agreement to "the Borrowers" or "a Borrower" shall be deemed to be a reference to the Companies, Staktek, RAI and Holdings, as applicable.
4. The Agent (for and on behalf of the Banks) consents to the assumption under this Agreement and agrees that each of the Companies shall have all of the rights and benefits of a Borrower under the Credit Agreement and the other Loan Documents executed in connection therewith.
5. This Assumption Agreement shall be binding upon the parties hereto and their respective successors and assigns.
6. This Assumption Agreement is governed by and is to be construed under Michigan law.

In Witness Whereof, the undersigned have executed and delivered this Assumption Agreement as of the date first written above.

STAKTEK CORPORATION

By:



Joseph C. Aragona
Its President

STAKTEK HOLDINGS, INC.

By:



Joseph C. Aragona
Its President

STAKTEK GROUP L.P.

By: Staktek GP LLC
Its General Partner

By:

James Cady
Its Manager

STAKTEK LP LLC

By:

Francis Jacobs
Its President

STAKTEK GP LLC

By:

James Cady
Its President

In Witness Whereof, the undersigned have executed and delivered this Assumption Agreement as of the date first written above.

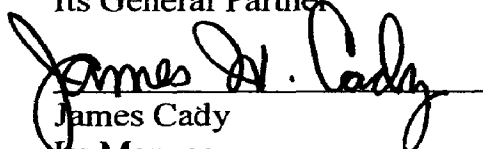
STAKTEK CORPORATION

By: _____
Joseph C. Aragona
Its President

STAKTEK HOLDINGS, INC.

By: _____
Joseph C. Aragona
Its President

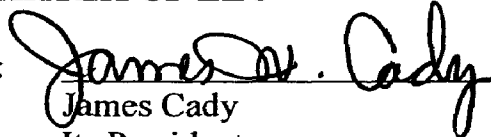
STAKTEK GROUP L.P.

By: Staktek GP LLC
Its General Partner
By: 
James Cady
Its Manager

STAKTEK LP LLC

By: _____
Francis Jacobs
Its President

STAKTEK GP LLC

By: 
James Cady
Its President

In Witness Whereof, the undersigned have executed and delivered this Assumption Agreement as of the date first written above.

STAKTEK CORPORATION

By: _____
Joseph C. Aragona
Its President

STAKTEK HOLDINGS, INC.

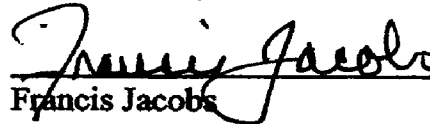
By: _____
Joseph C. Aragona
Its President

STAKTEK GROUP L.P.

By: Staktek GP LLC
Its General Partner

By: _____
James Cady
Its Manager

STAKTEK LP LLC

By: 
Francis Jacobs
Its President

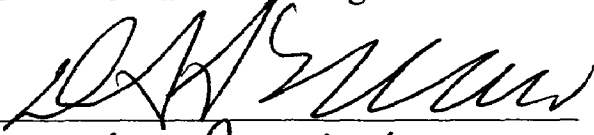
STAKTEK GP LLC

By: _____
James Cady
Its President

Accepted by:

COMERICA BANK, as Agent

By:



Its:

Vice President

SIGNATURE PAGE TO ASSUMPTION AGREEMENT
(480371)

RECORDED: 10/10/2003

TRADEMARK
REEL: 002843 FRAME: 0814