

Form PTO-1594 (Rev. 06/04)
OMB Collection 0651-0027 (exp. 6/30/2005)

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

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):
 ATRIUM BIOTECH HOLDCO, INC.
 PURE ENCAPSULATIONS, INC.
 ATRIUM BIOTECH USA INC.

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

Citizenship (see guidelines) _____

Execution Date(s) January 17, 2005

Additional names of conveying parties attached? Yes No

2. Name and address of receiving party(ies) Yes
 Additional names, addresses, or citizenship attached? No

Name: NATIONAL BANK OF CANADA
 Internal
 Address: 5th Floor
 Street Address: 1155 Metcalfe Street
 City: Montreal, Quebec
 State: _____
 Country: Canada Zip: H3B 4S9

Association Citizenship _____
 General Partnership Citizenship _____
 Limited Partnership Citizenship _____
 Corporation Citizenship Canada
 Other _____ Citizenship _____

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)

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s) _____
 B. Trademark Registration No.(s) 2,396,919
2,430,683 2,380,503 2,378,633

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Michael J. Clain, Esq.
 Internal Address: Brauner Baron et. al.
 Street Address: 61 Broadway
18th Floor
 City: New York
 State: New York Zip: 10006
 Phone Number: (212) 797-9100
 Fax Number: (212) 797-9161
 Email Address: mclain@braunerbaron.com

6. Total number of applications and registrations involved: 18

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 465.00

Authorized to be charged by credit card
 Authorized to be charged to deposit account
 Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers 8927
 Expiration Date 02-06

b. Deposit Account Number _____
 Authorized User Name _____

9. Signature: Michael Clain 02-07-05
 Signature Date

Michael J. Clain, Esq. Total number of pages including cover sheet, attachments, and document: 56
 Name of Person Signing

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

TRADEMARK

OP \$465.00 2396919

2,410,417

2,375,292

2,375,293

2,377,587

2,304,054

2,302,042

2,377,586

2,304,053

2,302,038

2,304,055

2,096,198

2,468,500

2,302,037

2,302,043

U.S. SECURITY AND PLEDGE AGREEMENT

SECURITY AND PLEDGE AGREEMENT (this "Agreement"), dated as of January 17, 2005, among:

- (i) ATRIUM BIOTECH HOLDCO, INC., a corporation organized under the laws of the State of Delaware ("**Holdco**");
- (ii) PURE ENCAPSULATIONS, INC., a corporation organized under the laws of the State of Delaware ("**Encapsulations**");
- (iii) ATRIUM BIOTECH USA INC., a corporation organized under the laws of the State of Delaware ("**Biotech USA**");
- (iv) each other direct or indirect Subsidiary of the Borrower referred to below that may become a Debtor hereunder from time to time pursuant to Section 29 (each, a "**New Debtor**"); and
- (v) NATIONAL BANK OF CANADA ("**NBC**"), as Administrative Agent (in such capacity, together with any successor thereto in such capacity, the "**Administrative Agent**") for its own behalf and on behalf of the Creditors, as defined and referred to below.

The Persons listed in clauses (i) through (iv) above shall be collectively referred to herein as the "**Debtors**" and individually as a "**Debtor**".

RECITALS:

A. Atrium Biotechnologies Inc., a corporation organized under the laws of Canada that is the direct or indirect corporate parent of all the Debtors (together with any successors thereof, the "**Borrower**"), National Bank of Canada, Royal Bank of Canada and HSBC Bank Canada, as lenders (in such capacity, together with any successors or assigns thereof and any other lenders that may become lenders thereunder from time to time, the "**Lenders**" and each, a "**Lender**"), and National Bank of Canada, as administrative agent (in such capacity, together with any successor thereto in such capacity, the "**Administrative Agent**"), are party to a credit agreement entered into in the French language dated as of January 17, 2005 (said agreement, as amended, restated, supplemented or otherwise modified from time to time, herein called the "**Credit Agreement**"), pursuant to which the Lenders have agreed to grant credit to the Borrower from time to time, subject to the terms and conditions set forth therein.

B. All of the Debtors are party to the American Guarantee and Subordination Agreement dated as of January 17, 2005 (said agreement, as it may be amended, restated, supplemented or otherwise modified from time to time, herein called the "**American Guarantee**").

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and Subordination Agreement") among the several guarantors named therein as joint and several guarantors, the Administrative Agent and the Borrower, pursuant to which the Debtors have irrevocably and unconditionally guaranteed, on a joint and several basis, the payment and performance in full when due of all of the Guaranteed Obligations specified therein.

C. The execution and delivery of this Agreement, and the grant pursuant hereto of security interests in substantially all of the assets of the Debtors, in the priority specified herein, to the Administrative Agent for the benefit of the Creditors are required under the Credit Agreement and failure to do so within the time periods specified in said Credit Agreement would constitute an Event of Default thereunder.

D. The Borrower and the Debtors are part of a common business enterprise and it is beneficial to each of the Debtors that the credit facility contemplated by the Credit Agreement be made available to the Borrower.

ACCORDINGLY, in consideration of the premises, and in order to induce the Creditors to grant credit to the Borrower and to continue to perform their respective obligations under the Credit Agreement and all related instruments and documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtors hereby agree with the Administrative Agent for the benefit of the Creditors as follows:

1. Defined Terms. (a) Capitalized terms that are defined in the American Guarantee and Subordination Agreement and are not otherwise defined herein have the respective meanings given to them in the American Guarantee and Subordination Agreement and, in addition, the following terms have the following meanings:

"Administrative Agent" has the meaning specified in Recital A.

"Agreement" has the meaning specified in the preamble to this Agreement.

"American Guarantee and Subordination Agreement" has the meaning specified in Recital B.

"Biotech USA" has the meaning specified in the preamble to this Agreement.

"Borrower" has the meaning specified in Recital A.

"Capital Stock" means common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, equity preferred or common interests in a limited liability company, limited or general partnership interests in a partnership or any other equivalent such ownership interest.

"Chattel Paper" means any "chattel paper", as such term is defined in the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

"Collateral" has the meaning specified in Section 2.

"Commercial Tort Claims" means any "commercial tort claims", as such term is defined in the Uniform Commercial Code, now existing and described in Schedule V hereto or hereafter arising and described in written notices delivered by any Debtor to the Administrative Agent

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from time to time.

"Contract Rights" means any right of a Debtor to payment under a Contract not yet earned by performance and not evidenced by an Instrument or Chattel Paper, now in existence or hereafter arising (including, without limitation, (a) all rights of such Debtor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of such Debtor to damages arising out of, or for, breach or default in respect thereof and (c) all rights of such Debtor to perform and to exercise all remedies thereunder).

"Contracts" means all contracts to which any Debtor is, or may at any time hereafter become, a party and all agreements and undertakings of any third parties in favor or for the benefit of any Debtor.

"Copyright Licenses" means any agreement, written or oral, naming any Debtor as licensor or licensee, granting any right to use any Copyright, now in existence or hereafter arising.

"Copyrights" means all of the following to the extent that any Debtor now has or hereafter acquires any right, title or interest therein: (i) all copyrights in all works, whether published or unpublished, now existing or hereafter created or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Copyrights Office, and (ii) all renewals thereof.

"Credit Agreement" has the meaning specified in Recital A.

"Creditors" refers collectively to the Administrative Agent, the Lenders and such other Persons as the Administrative Agent and the Debtors may agree from time to time shall constitute Creditors for the purposes of this Agreement and **"Creditor"** refers to any one thereof;

"Debtor" and **"Debtors"** have the respective meanings specified in the preamble to this Agreement.

"Deposit Account" means any demand, time, savings, passbook or similar account, or any other "deposit account", as such term is defined in the Uniform Commercial Code, now or at any time hereafter maintained by any Debtor with a bank or other financial institution, including without limitation the deposit accounts listed in Schedule VI hereto.

"Documents" means any **"documents"**, as such term is defined in the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

"Encapsulations" has the meaning specified in the preamble to this Agreement.

"Equipment" means all machinery, equipment and furniture now owned or hereafter acquired by any Debtor or in which any Debtor now has or hereafter may acquire any right, title or interest, and any and all additions, substitutions and replacements thereof, wherever located, together with all attachments, components, parts, equipment and accessories installed therein or affixed thereto, including, but not limited to, all "equipment", as such term is defined in the Uniform Commercial Code.

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"Financial Asset" means any **"financial asset"**, as such term is defined in the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

"Fixtures" means any **"fixture"**, as such term is defined in the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

"General Intangibles" means any **"general intangibles"**, as such term is defined in the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

"Goods" means any **"goods"**, as such term is defined in the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

"Holdco" has the meaning specified in the preamble to this Agreement.

"Indebtedness" includes, without duplication, for any Person:

1. obligations representing the deferred purchase price of property or services;
2. obligations, whether or not assumed, secured by Liens on, or payable out of the proceeds or production from, property owned by such Person;
3. debt for borrowed money of such Person;
4. the mark to market exposure of such Person under Derivative Instruments;
5. any other obligations which in accordance with generally accepted accounting principles, consistently applied, would constitute a liability on the balance sheet of such Person;
6. any obligation described above or any guarantee, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property or assets of such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and
7. obligations under guarantees.

"Instrument" means any **"instrument"**, as such term is defined in the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

"Intellectual Property" means, collectively, Patents, Patent Licenses, Trademarks, Trademark Licenses, Copyrights and Copyright Licenses.

"Inventory" means all inventory, wherever located, now owned or hereafter acquired by any Debtor or in which such Debtor now has or hereafter may acquire any right, title or interest, including, without limitation, all goods and other personal property now or hereafter owned by any Debtor which are held for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in such Debtor's business, or in the processing, packaging

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or shipping of the same, and all finished goods, including, but not limited to, all **"inventory"** as such term is defined in the Uniform Commercial Code.

"Investment Property" means any **"investment property"**, as such term is defined in the Uniform Commercial Code, now owned or hereafter acquired by any Debtor.

"Issuer" means each issuer of Pledged Shares.

"Leases" means all leasehold interests now or at any time hereafter held by any Debtor.

"Lender" and **"Lenders"** have the respective meanings specified in Recital A.

"Letter of Credit Rights" means any Debtor's right to payment or performance under any letter of credit, whether now existing or hereafter issued, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance, including without limitation any "letter of credit right", as such term is defined in the Uniform Commercial Code, whether now existing or hereafter created and whether now owned or hereafter acquired by such Debtor.

"Licenses" and **"Licensing Agreements"** means the Patent Licenses, the Copyright Licenses and the Trademark Licenses.

"New Debtor" has the meaning specified in the preamble to this Agreement.

"Obligations" means all indebtedness, liabilities and obligations of the Debtors under or pursuant to the the American Guarantee and Subordination Agreement, this Agreement or any other instrument, agreement or other document relating to any of the foregoing agreements.

"Patent License" means any agreement, written or oral, providing for the grant by or to any Debtor of any right to use any Patent, now in existence or hereafter arising.

"Patents" means (i) all patents and patent applications and the inventions and improvements described and claimed therein, and all patentable inventions, now owned or hereafter acquired or obtained by any Debtor, (ii) all registrations and recordings thereof, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, (iii) all reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, (iv) all income, royalties, damages or payments now and hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing, (v) the right to sue for past, present and future infringements of any of the foregoing throughout the world, and (vi) all rights and obligations pursuant to any Patent License with respect thereto, whether such Debtor is a licensor or licensee under any such Patent License, and, subject to the terms of such licenses, such right to prepare for sale, sell and advertise for sale, all inventory now or hereafter owned by any Debtor and now or hereafter covered by such licenses.

"Permitted Liens" shall have the same meaning as that ascribed to the expression **"Affectations Permisses"** from time to time in the Credit Agreement.

"Pledged Collateral" means the Collateral described in Section 2(g) and the rights, titles and interest related thereto and described in such Section 2(g).

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"Pledged Shares" means all of the shares of Capital Stock now or at any time hereafter owned by any Debtor, together with all certificates evidencing such shares and all other shares of Capital Stock now or at any time hereafter owned by any Debtor.

"Proceeds" means (i) all **"proceeds"**, as such term is defined in the Uniform Commercial Code, and (ii) to the extent not included in such definition, (1) any and all proceeds of any insurance, indemnity, warranty, guaranty or letter of credit payable to any Debtor from time to time with respect to any of the Collateral, (2) all payments (in any form whatsoever) paid or payable to any Debtor from time to time in connection with any taking of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of Governmental Authority), (3) all judgments in favor of any Debtor in respect of the Collateral, (4) any claim of any Debtor against third parties for past, present or future infringement or dilution of any Patent or Patent License, Trademark or Trademark License, Copyright or Copyright License and (5) all other amounts from time to time paid or payable or received or receivable under or in connection with any of the Collateral.

"Receivables" means all accounts receivable, book debts, notes, drafts, instruments, documents, acceptances and other forms of obligations now owned or hereafter received or acquired by or belonging or owing to any Debtor (including, without limitation, under any trade names, styles or divisions thereof), whether arising out of goods sold by such Debtor or services rendered by it or from any other transaction, whether or not the same involves the sale of goods or performance of services by such Debtor (including, without limitation, any such obligation which would be characterized as an account, general intangible or chattel paper under the Uniform Commercial Code) and all of such Debtor's rights in, to and under all purchase orders now owned or hereafter received or acquired by it for goods or services, and all of such Debtor's rights to any goods represented by any of the foregoing (including returned or repossessed goods and unpaid seller's rights) and all moneys due or to become due to any Debtor under all contracts for the sale of goods and/or the performance of services by it (whether or not yet earned by performance) or in connection with any other transaction, now in existence or hereafter arising, including without limitation the right to receive the proceeds of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any person or entity with respect to any of the foregoing.

"Supporting Obligation" means any "supporting obligation", as such term is defined in the Uniform Commercial Code, whether now existing or hereafter created and whether now owned or hereafter acquired by any Debtor.

"Trademark Licenses" means any agreement, written or oral, providing for the grant by or to any Debtor of any right to use any Trademark, now in existence or hereafter arising.

"Trademarks" means (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired by any Debtor, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and (ii) all renewals thereof.

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"**Uniform Commercial Code**" means the Uniform Commercial Code as in effect from time to time in the State of New York or, if the context expressly refers to another jurisdiction, the Uniform Commercial Code as in effect from time to time in such other jurisdiction.

"**Vehicles**" means all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state, in which any Debtor has or hereafter acquires any right, title or interest, and all tires and other appurtenances to any of the foregoing.

(a) Unless otherwise expressly specified herein, defined terms denoting the singular number shall, when in the plural form, denote the plural number of the matter or item to which such defined terms refer, and vice-versa.

(b) Words of the neuter gender mean and include correlative words of the masculine and feminine gender.

(c) The Section and Schedule headings used in this Agreement are for convenience only and shall not affect the construction or meaning of any provisions of this Agreement.

(d) Unless otherwise specified, the words "**hereof**", "**herein**", "**hereunder**" and other similar words refer to this Agreement as a whole and not just to the Section, subsection or clause in which they are used; and the words "**this Agreement**" refer to this Agreement as amended, modified or supplemented from time to time.

(e) Unless otherwise specified, references to Sections, Recitals and Schedules are references to Sections of, and Recitals and Schedules to, this Agreement.

2. Security Interest. As security for the due and punctual payment and performance of all of its Obligations, each Debtor hereby pledges and assigns to the Administrative Agent for the benefit of the Creditors, and hereby grants to the Administrative Agent for the benefit of the Creditors a first priority lien upon and a continuing first priority security interest in all of such Debtor's rights, title and interests in, to and under all personal property and fixtures of such Debtor, whether now owned or hereafter acquired and wherever located, and whether now existing or hereafter arising or created (all such property and assets are herein collectively called the "**Collateral**"), including, without limitation, the following:

- (a) all Receivables of such Debtor;
- (b) all Inventory of such Debtor;
- (c) all Equipment of such Debtor, including, without limitation, all Vehicles of such Debtor (excluding any Equipment subject to purchase money Liens if the terms of the Indebtedness secured by such Liens expressly prohibit such Debtor from granting any Lien thereon or security interest

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- therein and any Equipment subject to a Capital Lease which expressly prohibits such Debtor from granting any Lien thereon or security interest therein);
- (d) all Contracts and Contract Rights of such Debtor (excluding any Contract that expressly prohibits such Debtor from granting any Lien thereon or security interest therein);
 - (e) all Instruments and Chattel Paper of such Debtor;
 - (f) all General Intangibles of such Debtor, including, without limitation, all Intellectual Property of such Debtor;
 - (g) all Investment Property and other Financial Assets of such Debtor, including, without limitation, (i) the Pledged Shares, (ii) all cash, instruments, securities or other property representing a dividend or other distribution on any of the Pledged Shares, or representing a distribution or return of capital upon or in respect of the Pledged Shares, or resulting from a split-up, revision, reclassification or other like change of the Pledged Shares or otherwise received in exchange therefor, (iii) any warrants, rights or options issued to the holders of, or otherwise in respect of, the Pledged Shares, and (iv) in the event of any consolidation or merger of any Issuer in which such Issuer is not the surviving corporation, all shares of each class of the capital stock of the successor corporation formed by or resulting from such consolidation or merger (provided that nothing herein contained shall be deemed to constitute consent under, or waiver of, any provision of any Operative Document which prohibits such consolidation or merger by any Issuer);
 - (h) all Leases of such Debtor;
 - (i) all Fixtures of such Debtor;
 - (j) all Deposit Accounts of such Debtor;
 - (k) all Letter of Credit Rights of such Debtor;
 - (l) all Commercial Tort Claims of such Debtor;
 - (m) all Supporting Obligations that may now or at any time hereafter support the payment or performance of any Receivable, General Intangible, Chattel Paper, Document, Instrument or Investment Property of such Debtor;

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- (n) all books and records (including, without limitation, computer programs, tapes and related electronic data processing software) relating to such Debtor's Receivables, Inventory, Equipment, Contracts, Intellectual Property, Investment Property, Financial Assets, Deposit Accounts, Letter of Credit Rights, Commercial Tort Claims or other assets; and
- (o) to the extent not otherwise included, all cash and non-cash Proceeds and products of any of the foregoing.

3. Obligations Absolute. (a) Each Debtor hereby agrees that this Agreement shall be binding upon such Debtor, and the grant to Administrative Agent for the benefit of the Creditors of a security interest in the Collateral hereunder shall be irrevocable and unconditional, irrespective of the validity, legality or enforceability of any Operative Document or any of the Obligations, the absence of any action to enforce the same, the waiver or consent by any Creditor with respect to any provision thereof, the recovery of any judgment against any other Person, or any action to enforce the same or any other similar circumstances. Each Debtor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of such Debtor, any notice to require a proceeding first against any other Person, protest or notice with respect to any promissory note or evidence of Indebtedness secured hereby or the Indebtedness evidenced thereby and all demands whatsoever, and covenants that this Agreement will remain in full force and effect until the termination of the Facility under the Credit Agreement, the expiration or termination of all letters of credit issued thereunder, and the payment in full of all of the Obligations.

(b) Each Debtor agrees that, without notice to or further assent by such Debtor, the liability of any other Person for or upon any of the Obligations may, from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised or released by any Creditor, as such Creditor may deem advisable, and that any other Collateral or Liens securing any of the Obligations may, from time to time, in whole or in part (subject, in the case of the Collateral, to the provisions of this Agreement), be exchanged, sold or surrendered by the Administrative Agent or any other Creditor, as the Administrative Agent or such other Creditor may deem advisable, all without impairing, abridging, affecting or diminishing this Agreement or the rights of the Administrative Agent or any other Creditor hereunder or with respect to the Collateral.

4. Representations and Warranties. Each Debtor hereby makes the following representations and warranties, which shall be deemed to be repeated and confirmed upon the creation or acquisition by such Debtor of each item of Collateral and upon the creation of any Obligation:

(a) Each Debtor is duly organized, validly existing and in good standing under the laws of the jurisdiction specified in the preamble to this Agreement as its jurisdiction of organization, has full power and authority to own its properties and to carry on its business as now being conducted.

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(b) Its execution, delivery and performance of this Agreement and the granting of the security interest in the Collateral hereunder (i) have all been duly authorized by all requisite action of such Debtor, (ii) do not require the approval of its stockholders, partners or members, except, in each case, any such approval that has been obtained and is in full force and effect and (iii) will not (1) violate any provision of Law or its organizational documents, (2) violate, be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material indenture, agreement or other instrument to which it is a party or by which it or any of its properties is bound, (3) violate any governmental or agency rule or regulation or any order of any court, tribunal or governmental agency or (4) result in the creation or imposition of any Lien of any nature whatsoever upon any of the Collateral, except for Permitted Liens. No authorizations, approvals and consents of, and no filing and registration with, any Governmental Authority are necessary for the execution, delivery or performance by such Debtor of this Agreement or for the validity or enforceability hereof.

(c) This Agreement constitutes the legal, valid and binding obligation of such Debtor, enforceable against such Debtor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting enforceability of creditors' rights generally and except as specific performance may be subject to equitable principles of general applicability. Except for Permitted Liens, this Agreement creates in favor of the Administrative Agent for the benefit of the Creditors a valid first priority lien and first priority security interest in the Collateral, enforceable against each Debtor and all third parties.

(d) Except for the security interest of the Administrative Agent therein, each Debtor is, and as to Collateral acquired from time to time after the date hereof such Debtor will be, the owner of all of its respective Collateral, having good title thereto, free from any Lien or other right, title or interest of any Person, other than Permitted Liens.

(e) Appropriate financing statements with respect to the security interest created hereunder have been or will be duly filed in all appropriate offices; subject to such continuance statements as are required to be filed from time to time, no filing of any other financing statements or other instruments and no recording, filing or indexing of this Agreement is necessary or appropriate in order to preserve and protect the Liens created or intended to be created by this Agreement as legal, valid and enforceable perfected Liens on and security interests in the Collateral (other than filings or appropriate assignments with the United States Patent and Trademark Office or the United States Copyright Office with respect to Intellectual Property of any Debtor, if any, and submission of the certificates of title with respect to the Vehicles, if any, to the relevant motor vehicles department for legending).

(f) Except for liens in favour of Royal Bank of Canada, there is no financing statement (or similar statement or instrument of registration under the Law of any jurisdiction) now on file or registered in any public office (other than in respect of Permitted Liens) covering any interest of any Debtor in the Collateral, or intended so to be, and so long as the Facility

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under the Credit Agreement or any letter of credit issued thereunder is in effect or any of the Obligations remain unpaid, no Debtor will execute, or permit the filing or the continued existence on file of, any financing statement (or similar statement or instrument of registration under the Law of any jurisdiction) relating to the Collateral in any public office, except financing statements filed or to be filed with respect to the security interest granted hereunder to the Administrative Agent or with respect to Permitted Liens.

(g) On the date hereof, the chief executive office of each Debtor is located at the address set forth for such Debtor in Schedule I. All Inventory and Equipment are held on the date hereof at the locations specified in Schedule II.

(h) The name of each Debtor set forth in the preamble hereto is correct. No Debtor is currently doing, and has not at any time during the five years immediately preceding the date hereof done, business under any trade name or other assumed name. Except as set forth in Schedule I, during the five years immediately preceding the date hereof (x) no Debtor has had any name other than its present name and (y) no Debtor has merged or consolidated with any other entity.

(i) None of the Collateral constitutes farm products (as such term is defined in the Uniform Commercial Code) or the Proceeds thereof.

(j) None of the Debtors has done or omitted to do any act which has resulted or could result in such Debtor being estopped from exercising any of its rights under any Contract of which it is the beneficiary, or which has given or could give rise to any offsets, defenses or counterclaims thereunder.

(k) Each Debtor listed in Schedule III in the column entitled "Name of Pledgor" is the sole record and beneficial owner of the Pledged Shares listed opposite its name in said Schedule III. All of the Pledged Shares have been duly authorized and validly issued and are fully paid and non-assessable. Each such Debtor has legal title to the Pledged Shares listed opposite its name and it has good and lawful authority to pledge all of its Pledged Shares in the manner hereby done or contemplated. The Pledged Shares are not subject to any contractual restriction, or any restriction under the certificate of incorporation or by-laws of any Issuer, upon the transfer thereof, and no right, warrant or option to acquire any of its Pledged Shares exists in favor of any other Person. The shares of Capital Stock of each Issuer listed in Schedule III constitute all of the issued and outstanding shares of Capital Stock of such Issuer.

(l) When any item of Pledged Collateral other than the Pledged Shares is pledged hereunder, (i) each Debtor pledging such item of Pledged Collateral will be the owner thereof free and clear of any Liens of any kind or nature (other than those created hereunder and Permitted Liens), (ii) each share of stock comprising such Pledged Collateral will have been duly authorized, validly issued and be fully paid and non-assessable, and (iii) such Debtor will have legal title to such item of Pledged Collateral and such Debtor will have good and lawful authority to pledge and deliver such item of Pledged Collateral in the manner hereby contemplated.

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5. Covenants.

At all reasonable times upon reasonable notice, the Administrative Agent shall have full access to, and the right to audit, check, inspect and make abstracts and copies of, each Debtor's books, records, audits, correspondence and all other papers and computer tapes and programs relating to the Collateral. The Administrative Agent shall have the right to confirm and verify the Receivables and other Collateral and to do whatever it may reasonably deem necessary to protect the Creditors' interests and each Debtor shall furnish such assistance and information as the Administrative Agent may require in connection therewith.

Each Debtor will keep the Collateral, at its own expense, in customary good repair and condition, and will not misuse, abuse or waste the Collateral or allow the Collateral to deteriorate (or permit any of the foregoing), except for normal wear and tear, and except where the failure to do so would not be reasonably likely to have a Material Adverse Effect.

The Debtors will not create, permit or suffer to exist and will defend the Collateral against, and take such other action as is necessary to remove, any Lien on the Collateral, other than Permitted Liens, and each Debtor will defend the right, title and interest of the Administrative Agent in and to any of such Debtor's rights to the Collateral against the claims and demands of all Persons whomsoever claiming an interest therein adverse to the Administrative Agent, other than holders of Permitted Liens. Without limiting the generality of the foregoing, no Debtor shall permit the Collateral or any portion thereof to become attached or affixed to any real estate other than real estate on which the Administrative Agent holds a first mortgage, or become a fixture, as that term is defined in the Uniform Commercial Code, other than on such real estate.

The Debtors will advise the Administrative Agent promptly, in reasonable detail, of (i) any Lien, other than Permitted Liens, placed on or asserted against any of the Collateral and (ii) the occurrence of any other event which would have a material effect on the aggregate value of the Collateral or on the security interest created by any Debtor hereunder.

No Debtor will (i) change the location specified in Section 4(g) of its chief executive office, (ii) keep Inventory or Equipment (other than Inventory in transit) at any location other than the locations specified in Schedule II, (iii) change its name, identity or corporate structure, or (iv) change its jurisdiction of organization, until, in each case, (x) such Debtor shall have given to the Administrative Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new location, name, identity, corporate structure or jurisdiction and providing such other information in connection therewith as the Administrative Agent may reasonably request, and (y) such Debtor shall have taken such other actions satisfactory to the Administrative Agent (including, without limitation, the delivery of additional financing statements duly signed by such Debtor), as are necessary to maintain the security interest of the Administrative Agent in the Collateral at all times senior and fully perfected and in full force and effect.

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No Vehicle shall be removed from the state which has issued the certificate of title or ownership therefor for a period in excess of four months. Subject to the proviso to this sentence, with respect to each Vehicle, if any, now owned by any Debtor, within 15 days of the date hereof, and, with respect to any Vehicles acquired by any Debtor subsequent to the date hereof, within 15 days after the date of acquisition thereof, all applications for certificates of title or ownership indicating the Administrative Agent's first priority security interest on the Vehicle covered by such certificate, and any other necessary documentation, shall be filed in each jurisdiction which the Administrative Agent shall deem advisable to perfect its security interests in the Vehicles; provided that this shall not prohibit any Debtor from using purchase money financing to acquire Vehicles to the extent permitted by the Operative Documents.

At any time following the occurrence and during the continuance of a Default, each Debtor will furnish to the Administrative Agent within ten (10) days after any request therefor by the Administrative Agent, statements (prepared by such Debtor in form, substance and detail satisfactory to the Administrative Agent) of all Receivables of such Debtor (showing reconciliations, aging and test verifications thereof and trial balances therefor), itemized by the account debtor, and of the location (and aggregate book value at each such location) of all Inventory of such Debtor, each such statement to be certified by its chief financial officer, and, promptly from time to time, such other information as the Administrative Agent may reasonably request regarding the Collateral and its operations, business, affairs and financial condition.

No Debtor will sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, except to another Debtor or as permitted by the Operative Documents. Any sale or other disposition of Inventory or Equipment in the ordinary course of business shall be free and clear of all Liens in favor of the Administrative Agent hereunder, it being understood and agreed that such Liens shall attach to all Proceeds of such sale or other disposition.

Each Debtor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Administrative Agent from time to time such lists, descriptions, schedules, invoices, warehouse receipts, bills of confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports, duly executed blank stock powers and other instruments of transfer or assignment and other assurance or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted by it, as the Administrative Agent in its reasonable judgment deems appropriate or advisable to perfect, preserve or protect its security interest in the Collateral.

6. Special Provisions Concerning Receivables. (a) As of the time when any Receivable arises, each Debtor shall be deemed to have warranted as to such Receivable that such Receivable and all papers and documents relating thereto are genuine and in all respects what they purport to be, and that each such Receivable (i) will represent the genuine, legal, valid and binding obligation of the account debtor thereon for the unpaid amount owed by such account debtor for the sale and delivery by such Debtor of the goods, or the performance by such Debtor of the services, listed therein, (ii) will be the only original writings evidencing and

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embodying such obligation of the account debtor named therein, (iii) will evidence true obligations, enforceable in accordance with their respective terms and not subject to any stamp or other taxes, except as shall be disclosed to the Administrative Agent, and (iv) will be, to the best knowledge of such Debtor, in compliance and will conform with all applicable federal, state and local Laws and applicable Laws of any relevant foreign jurisdiction. Each Debtor shall take all reasonable steps necessary to preserve the liability of each account debtor, guarantor, endorser, obligor, secondary party on or with respect to the Receivables. Each Debtor will notify the Administrative Agent in writing of any defenses, set-offs or counterclaims affecting a material portion of such Debtor's Receivables, promptly after obtaining knowledge thereof.

(b) Each Debtor will keep and maintain, at its own expense, satisfactory and complete records of the Receivables, including, but not limited to, records of all payments received, all credits granted thereon, all merchandise returned and all other dealings therewith, and such Debtor will make the same available to the Administrative Agent, at the Debtor's expense, at any and all reasonable times upon demand of the Administrative Agent. At the request of the Administrative Agent, each Debtor shall legend, in form and manner satisfactory to the Administrative Agent, its Receivables and its books, records and documents evidencing or pertaining to its Receivables with an appropriate reference to the fact that such Receivables have been assigned to the Administrative Agent and that the Administrative Agent has a security interest therein.

(c) The Debtors will not rescind or cancel any Indebtedness evidenced by any of the Receivables or modify any term thereof or make any adjustment with respect thereto, or extend or renew the same, or compromise or settle any dispute, claim, suit or legal proceeding relating thereto, or sell any of such Receivables or interest therein, without the prior written consent of the Administrative Agent, except as permitted by Section 6(e).

(d) Each Debtor will duly fulfill all obligations on its part to be fulfilled under or in connection with the Receivables and will do nothing to impair the rights of the Administrative Agent in the Receivables.

(e) Each Debtor will endeavor to collect or cause to be collected from the account debtor on each of its Receivables (including, without limitation, Receivables which are delinquent, such Receivables to be collected in accordance with generally accepted lawful collection procedures), as and when due, any and all amounts owing under or on account of such Receivables, except that prior to the occurrence of a Default such Debtor may allow in the ordinary course of business as adjustments to amounts owing under its Receivables (i) an extension or renewal of the time or times of payment, or settlement for less than the total unpaid balance, which such Debtor finds necessary in accordance with sound business and credit judgment and (ii) a refund or credit due as a result of returned or damaged Inventory or improper or faulty performance of services. The costs and expenses (including attorney's fees) of collection, whether incurred by such Debtor or the Administrative Agent, shall be borne by such Debtor.

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(f) The Debtors shall, promptly upon learning thereof, report to the Administrative Agent all delays in performance, notices of default, claims made or disputes asserted by any account debtor or other obligor on any Receivable and any other matters materially affecting the value, enforceability or collectibility of any Receivable, which could reasonably be expected to have a Material Adverse Effect.

(g) After the occurrence and during the continuance of any Default, the Administrative Agent is authorized and empowered in its sole discretion to accept the return of goods, if any, represented by any Receivable or Contract Rights, without notice to or consent by any Debtor, all without discharging or in any way affecting such Debtor's liability hereunder or on the Obligations.

(h) After the occurrence and during the continuance of a Default, the Administrative Agent shall have the right, upon five days' notice to the applicable Debtor that it intends to exercise its rights under this Section 6(h), without further notice to or assent by any Debtor, and without affecting the Obligations, in the name of such Debtor or in the name of the Administrative Agent or otherwise, to take any or all of the following actions: (i) to notify any or all account debtors under any or all of the Receivables to make payment thereof directly to the Administrative Agent for the account of such Debtor or the Administrative Agent and to require such Debtor to forthwith give similar notice to the account debtors; (ii) to demand, collect, sue for, receive, compound and give acquittance for any of the Receivables or any part thereof; (iii) to extend the time of payment of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any of the Receivables; (iv) to endorse the name of such Debtor on any checks, drafts or other orders or instruments for the payment of moneys payable to such Debtor which shall be issued in respect of any Receivable; (v) to file any claims and commence, maintain or discontinue any actions, suits or other proceedings deemed by the Administrative Agent to be necessary or advisable for the purpose of collecting or enforcing payment of any Receivable; (vi) to execute any instrument and do any and all other things necessary and proper to protect and preserve and realize upon the Receivables and the other rights contemplated hereby; (vii) to require such Debtor to forthwith account for and transmit to the Administrative Agent in the same form as received, all proceeds (other than physical property) of collection of Receivables received by such Debtor and, until so transmitted, to hold the same in trust for the Administrative Agent and not commingle such proceeds with any other funds of such Debtor; (viii) to require such Debtor to deliver, at such Debtor's expense, any or all papers, documents, correspondence, records and computer programs and tapes and other electronic data processing software evidencing or relating to the Receivables to the Administrative Agent at a place designated by the Administrative Agent; (ix) to notify the Post Office authorities to change the address for delivery of mail addressed to such Debtor to such address as the Administrative Agent may designate; and (x) to do all other acts and things necessary to carry out this Agreement. The Administrative Agent shall not be obligated to do any of the acts hereinabove authorized, but in the event that the Administrative Agent elects to do any such act, the Administrative Agent shall not be responsible to any Debtor except for its gross negligence or willful misconduct.

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(i) If any Receivable becomes evidenced by a promissory note or similar instrument in the sum of more than \$5,000, such Debtor will promptly notify the Administrative Agent thereof, and upon request by the Administrative Agent will promptly deliver such instrument to the Administrative Agent appropriately endorsed to the order of the Administrative Agent as further security for the payment in full of the Obligations.

7. Special Provisions Concerning Inventory and Equipment. (a) Each Debtor will at all times keep all of the Inventory and Equipment insured at its expense, to the extent and in the manner required by the Operative Documents, against fire, theft, and all other risks to which the Inventory and Equipment may be subject; all policies or certificates with respect to such insurance shall be endorsed to the Administrative Agent's satisfaction for the benefit of the Administrative Agent, including, without limitation, by naming the Administrative Agent as loss payee or additional insured, and evidence of such insurance shall be deposited with the Administrative Agent as provided in the Operative Documents. If any Debtor shall fail to insure the Inventory and Equipment as provided herein, or if any Debtor shall fail so to endorse and deposit all policies or certificates with respect thereto in accordance herewith, the Administrative Agent shall have the right (but shall be under no obligation) to procure such insurance and each Debtor agrees to reimburse the Administrative Agent for all costs and expenses of procuring such insurance that such Debtor failed to procure. The Administrative Agent may apply any proceeds of such insurance with respect to the Inventory and Equipment, when received by it, in accordance with the provisions of the Operative Documents. Each Debtor shall give immediate written notice to the insurers and to the Administrative Agent of any loss or damage to the Collateral or any part thereof and shall promptly file all necessary or appropriate proofs of loss with the insurers. Each Debtor hereby appoints the Administrative Agent the attorney-in-fact for such Debtor in obtaining, adjusting and canceling any such insurance and endorsing settlement drafts.

(b) The Administrative Agent shall have the right, upon the occurrence and during the continuance of a Default, upon five days' notice to the applicable Debtor that it intends to exercise its rights under this Section 7(b), without further notice to or assent by any Debtor, and without affecting the Obligations, in the name of such Debtor or in the name of the Administrative Agent or otherwise, to take any or all of the following actions: (i) upon notice to such effect, to require such Debtor to deliver, at such Debtor's expense, any or all of the Inventory and Equipment to the Administrative Agent at a place designated by the Administrative Agent; (ii) to take possession of any or all of the Inventory and Equipment and, for that purpose, to enter, with the aid and assistance of any Person, any premises where such Inventory and Equipment, or any part thereof, is, or may be, placed or assembled, to remove any such Inventory or Equipment, and to dispose of or store such Inventory or Equipment in such premises at the expense of the Debtors; and (iii) to execute or endorse any instrument (including, without limitation, any invoice, bill of lading, and storage or warehouse receipt) and do all the things necessary and proper to protect and preserve and realize upon the Inventory and Equipment and the other rights contemplated hereby. The Administrative Agent shall not be obligated to do any of the acts hereinabove authorized, but in the event that the Administrative

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Agent elects to do any such act, the Administrative Agent shall not be responsible to any Debtor except for the Administrative Agent's own gross negligence or willful misconduct.

(c) Upon taking possession of any Inventory or Equipment pursuant hereto following the occurrence of a Default, the Administrative Agent shall have the right to hold, store and/or use, manage, control and sell such Inventory or Equipment. Upon any such taking of possession of any Inventory or Equipment, the Administrative Agent may, from time to time at the expense of the Debtors, make all such repairs, replacements, alterations, additions and improvements to and of such Inventory or Equipment as the Administrative Agent may deem proper. In any such case, the Administrative Agent shall have the right to manage and control such Inventory or Equipment and to carry on the business and exercise all rights and powers of each Debtor respecting its Inventory and Equipment, all as the Administrative Agent shall deem best; and the Administrative Agent shall be entitled to collect and receive all issues, profits, fees, revenues and other income of the same and every part thereof. Such issues, profits, fees, revenues and other income shall be applied to pay the expenses incurred by the Administrative Agent or its agents in (i) holding such Inventory or Equipment; (ii) performing all repairs, replacements, alterations, additions and improvements which the Administrative Agent may be required or may elect to make, if any; and (iii) paying all taxes, assessments, insurance, warehouse fees and other charges upon such Inventory or Equipment or any part thereof, and all other payments, which the Administrative Agent may be required or authorized or elect to make (including legal costs and attorneys' fees). Any remaining rents, issues, profits, fees, revenues and other income shall be applied to the payment of the Obligations in accordance with Section 13.

8. Special Provisions Concerning Intellectual Property. (a) Except to the extent that the Administrative Agent, upon prior written notice from the relevant Debtor, shall consent in writing, each Debtor (either itself or through licensees) will, consistent with sound business judgment, continue to use its Trademarks, if any, on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain its Trademarks in full force free from any claim of abandonment for nonuse and no Debtor will (nor permit any licensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated, except for Trademarks the loss of which could not reasonably be expected to result in a Material Adverse Effect.

(b) Each Debtor shall take all necessary steps, consistent with sound business judgment, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain each application and registration of the Trademarks, Copyrights and Patents, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings (except to the extent that dedication, abandonment or invalidation of any Trademark, Patent or Copyright could not reasonably be expected to result in a Material Adverse Effect).

(c) The Debtors assume all responsibility and liability arising from the use of the Trademarks, Copyrights or Patents, and hereby agree to indemnify and hold the Administrative

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Agent harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted or sold by any of the Debtors (or any affiliate or subsidiary thereof) in connection with, or which bears or includes, any Trademark, Copyright or Patent or out of the manufacture, promotion, labeling, sale or advertisement of any such product by any of the Debtors (or any affiliate or subsidiary thereof). Each Debtor agrees that the Administrative Agent does not assume, and shall have no responsibility for, the payment of any sums due or to become due under any agreement or contract included in the Collateral or the performance of any obligations to be performed under or with respect to any such agreement or contract by such Debtor, and each Debtor hereby agrees to indemnify and hold the Administrative Agent harmless with respect to any and all claims by any person relating thereto.

(d) Each Debtor agrees that if it, or Subsidiary thereof, learns of any use by any person of any term or design likely to cause confusion with any Trademark (other than a Trademark the loss of which could not reasonably be expected to result in a Material Adverse Effect) it shall promptly notify the Administrative Agent of such use and, if requested by the Administrative Agent, shall join with the Administrative Agent, at such Debtor's expense, in such action as the Administrative Agent, in its reasonable discretion, may deem advisable for the protection of the Administrative Agent's interests in and to the Trademarks.

(e) All licenses of its Trademarks, Copyrights or Patents which the Debtors have granted to third parties as of the date hereof are set forth in Schedule IV hereto.

(f) The Trademarks, Copyrights and Patents are subsisting, have not been adjudged invalid or unenforceable in whole or in part, and are not currently being challenged in any way, except for Trademarks, Copyrights and Patents the loss of which could not reasonably be expected to result in a Material Adverse Effect.

(g) None of the Trademarks, Copyrights or Patents have lapsed or expired or have been abandoned or canceled, whether due to any failure to pay any maintenance or other fees or make any filing or otherwise except, for Trademarks, Copyrights and Patents the loss of which could not reasonably be expected to result in a Material Adverse Effect.

(h) Each of the Trademarks, Copyrights and Patents is valid and enforceable and the Debtors are not aware of any impairments to the Trademarks, Copyrights or Patents which would have a material effect on the validity and/or enforceability thereof, except for Trademarks, Copyrights and Patents the loss of which could not reasonably be expected to result in a Material Adverse Effect.

(i) No claim has been made that the use of any of the Trademarks, Copyrights or Patents constitutes an infringement, except for Trademarks, Copyrights and Patents the loss of which could not reasonably be expected to result in a Material Adverse Effect.

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(j) Each Debtor will continue to use, consistent with past practice, proper statutory notice in connection with its use of the Trademarks, except for Trademarks the loss of which could not reasonably be expected to result in a Material Adverse Effect.

(k) Each Debtor will use standards of quality in its manufacture of products sold under the Trademarks consistent with those currently employed by it, except for Trademarks the loss of which could not reasonably be expected to result in a Material Adverse Effect.

(l) No Debtor shall adopt or use any mark which is confusingly similar or a colorable imitation of any Trademark unless it shall have granted to the Administrative Agent a perfected security interest in such mark pursuant to this Agreement.

(m) No Debtor will (either itself or through licensees) do any act, or omit to do any act, whereby any Copyright may become injected into the public domain, other than Copyrights the loss of which could not reasonably be expected to result in a Material Adverse Effect. Each Debtor shall notify the Administrative Agent immediately if it knows, or has reason to know, that any Copyright may become injected into the public domain or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any court or tribunal in the United States or any other country) regarding such Debtor's ownership of any such Copyright or its validity.

(n) Each Debtor shall take, consistent with sound business judgment, such actions as it may deem necessary to protect its Trademarks, Copyrights or Patents including, where such Debtor deems it appropriate, the bringing of suit for infringement, seeking injunctive relief and seeking to recover any and all damages for such infringement, except for Trademarks, Copyrights and Patents the loss of which could not reasonably be expected to result in a Material Adverse Effect.

9. Additional Provisions Concerning Pledged Shares.

(a) Registration in Nominee Name. The Administrative Agent shall have the right to appoint one or more agents for the purpose of retaining physical possession of the certificates representing or evidencing the Pledged Collateral, which may be held (in the discretion of the Administrative Agent) in the name of the relevant Debtor, endorsed or assigned in blank or in favor of the Administrative Agent, or any nominee or nominees of the Administrative Agent or any agent appointed by the Administrative Agent. In addition to all other rights possessed by the Administrative Agent, the Administrative Agent may, from time to time after the occurrence and during the continuation of a Default, at the Administrative Agent's sole discretion, upon five days' notice to the applicable Debtor that it intends to exercise its rights under this Section 9(a), without further notice to or assent by any Debtor, and without affecting the Obligations, in the name of such Debtor or in the name of the Administrative Agent or otherwise, take any or all of the following actions: (i) transfer all or any part of the Pledged Collateral into the name of Administrative Agent or its nominee, with or without disclosing that such Pledged Collateral is subject to the Lien and security interest created hereby; (ii) take control of any proceeds of any

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of the Pledged Collateral; and (iii) exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations for any purpose consistent with its rights under this Agreement; provided that all powers of the Administrative Agent under this Section shall be subject to the rights of the Debtors under Section 11 hereof to the extent that the exercise of such powers represents a sale of an item of Pledged Collateral.

(b) Voting Rights; Dividends, Etc.

So long as no Default has occurred and is continuing, each Debtor shall be entitled to exercise any and all voting rights and powers relating or pertaining to the Pledged Collateral or any part thereof for any purpose not inconsistent with the terms of the Operative Documents.

So long as no Default has occurred and is continuing, each Debtor shall be entitled to receive and retain any and all cash dividends, distributions and returns of capital paid on or with respect to the Pledged Collateral. Any and all stock dividends, liquidating dividends, distributions of property, or redemptions made on or in respect of the Pledged Collateral, whether resulting from a subdivision, combination or reclassification of the outstanding Capital Stock of any Issuer or received in exchange for Pledged Collateral or any part thereof or as a result of any merger, consolidation, acquisition or other exchange of assets to which any Issuer may be a party or otherwise, and any and all cash and other property received in payment of the principal of or in redemption of or in exchange for any Pledged Collateral (either at maturity, upon call for redemption or otherwise), shall become part of the Pledged Collateral and, if received by any Debtor, such cash and other property, net of any amounts necessary to satisfy the tax liability of the recipient thereof with respect thereto, shall be held in trust for the benefit of the Administrative Agent and shall forthwith be delivered to the Administrative Agent or its designated agent (accompanied by proper instruments of assignment and/or stock powers executed by such Debtor in accordance with the Administrative Agent's instructions) to be held subject to the terms of this Agreement.

Upon the occurrence of a Default and so long as such Default shall continue, at the option of the Administrative Agent (subject to applicable law), (x) all rights of each Debtor to exercise the voting rights and powers which such Debtor is entitled to exercise pursuant to Section 9(b)(i) shall cease, and all such rights shall thereupon become vested in the Administrative Agent, and the Administrative Agent shall have the sole and exclusive right and authority to exercise such voting and/or consensual rights and powers and (y) the Administrative Agent shall be entitled to receive and retain any and all cash dividends, if any, paid on the Pledged Collateral. Any and all cash and other property paid over to or received by the Administrative Agent pursuant to the provisions of this subsection shall be retained by the Administrative Agent as part of the Pledged Collateral, and shall be applied in accordance with the provisions hereof.

Concurrently with its execution of this Agreement, each Debtor shall execute and deliver to the Administrative Agent an irrevocable proxy to vote the Pledged Shares, substantially in the form of Exhibit A. After the occurrence and during the continuance of a Default, each Debtor

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shall deliver to the Administrative Agent such further evidence of such irrevocable proxy or such further irrevocable proxies to vote any shares or stock constituting part of the Pledged Collateral as the Administrative Agent may reasonably request.

10. Financing Statements: Documentary Stamp Taxes.

(a) Each Debtor agrees to sign and deliver to the Administrative Agent such authorization letters, financing statements and other documents, all of which shall be in form acceptable to the Administrative Agent, as the Administrative Agent may from time to time request or as are necessary in the opinion of the Administrative Agent to establish and maintain a valid, enforceable and perfected security interest in the Collateral and the other rights and security contemplated hereby which is superior and prior to the rights of all third Persons. Each Debtor will pay any applicable filing fees and taxes and related expenses. Each Debtor authorizes the Administrative Agent to file any such financing statements without the signature of such Debtor.

(b) Each Debtor agrees to procure, pay for, affix to any and all documents and cancel any documentary tax stamps or similar taxes required by, and in accordance with, applicable Law, and such Debtor will indemnify the Administrative Agent and hold the Administrative Agent harmless against any liability (including interest and penalties) in respect of such taxes.

11. Additional Provisions Concerning Remedies and Sale of Collateral.

(a) In addition to any rights and remedies contained herein or now or hereafter granted under applicable Law and not by way of limitation of any such rights and remedies, upon the occurrence and during the continuance of a Default, the Administrative Agent shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any applicable jurisdiction in addition to the rights and remedies provided herein. The Administrative Agent may take legal proceedings for the appointment of a receiver or receivers (to which the Administrative Agent shall be entitled as a matter of right) to take possession of the Collateral pending the sale thereof pursuant either to the powers of sale granted by this Agreement or to a judgment, order or decree made in any judicial proceeding for the foreclosure or involving the enforcement of this Agreement.

(b) Upon the occurrence and during the continuance of any Default the Administrative Agent shall have the right to seize and take possession of any Collateral (or any paper, documents, correspondence, computer tapes and programs and other electronic data processing software relating to the Collateral), and may enter the premises where such Collateral (or such paper, documents, correspondence, tapes, programs or software) are located for the purpose of effecting such seizure. At any time or from time to time after the occurrence and during the continuance of a Default the Administrative Agent may hire and maintain on any of the premises of any Debtor a custodian or independent contractor selected by the Administrative Agent who shall have full authority to do all lawful acts necessary to protect the Administrative Agent's interests and to report to the Administrative Agent thereon. Each Debtor hereby agrees to cooperate with any such Person and to do whatever the Administrative Agent may reasonably

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request to preserve the Collateral. All expenses incurred by the Administrative Agent by reason of the employment of any such Person shall be payable by such Debtor and shall be secured hereby and shall be a part of the Obligations.

(c) Upon the occurrence and during the continuance of a Default the Administrative Agent may, without obligation to resort to other security, at any time and from time to time, sell, re-sell, assign and deliver all or any of the Collateral, in one or more parcels at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Administrative Agent may determine, with the amounts realized from any such sale to be applied in the manner provided in Section 13. Each Debtor hereby agrees that all of the foregoing may be effected without demand, advertisement or notice (except as required by Law or as expressly provided herein), all of which (to the extent permitted by Law) are hereby expressly waived. Subject to applicable Law, upon any sale of any of the Collateral, whether made under the power of sale hereby given or under judgment, order or decree in any judicial proceeding for the foreclosure involving the enforcement of this Agreement, (i) any Creditor may bid for the property being sold, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in its own absolute right without further accountability, and may, in paying the purchase money therefor, discharge a portion of the Obligations owing to such Creditor in an amount equal to such purchase price; (ii) the Administrative Agent may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale and instrument of assignment and transfer of the property sold; (iii) the Administrative Agent may make all necessary deeds, bills of sale and instruments of assignment and transfer of the property thus sold; but if so requested by the Administrative Agent or such purchaser, each Debtor shall ratify and confirm any such sale or transfer by executing and delivering to the Administrative Agent or such purchaser all property, deeds, bills of sale, instruments of assignment and transfer and releases as may be designated in any such request; (iv) all right, title, interest, claim and demand whatsoever, either in law or in equity or otherwise, of such Debtor of, in and to the property so sold shall be divested and such sale shall be a perpetual bar both at law and in equity against such Debtor, its successors and assigns, and against any and all Persons claiming or who may claim the property sold or any part thereof from, through or under such Debtor, its successors or assigns; and (v) the receipt of the Administrative Agent or of the officer thereof making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money, and such purchaser or purchasers, and his, its or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Administrative Agent or of such officers thereof, be obligated to see to the application of such purchase money or be in any way answerable or responsible for any loss, misapplication or non-application thereof.

(d) To the extent that it may lawfully do so, each Debtor agrees that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption Laws, or any Law permitting it to direct the order in which the Collateral or any part thereof shall be sold, now or at any time

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hereafter in force, which may delay, prevent or otherwise affect the performance or enforcement of this Agreement or the Obligations, and each Debtor hereby expressly waives all benefit or advantage of any such Laws and covenants that it will not hinder, delay or impede the execution of any power granted or delegated to the Administrative Agent in this Agreement, but will suffer and permit the execution of every such power as though no such Laws were in force. In the event of any sale of Collateral pursuant to this Agreement by the Administrative Agent, the Administrative Agent shall, at least 10 days before such sale, give the Debtors written notice (which notice may be given by telecopier) of its intention to sell, except that, if the Administrative Agent shall determine in its sole discretion that any of the Collateral is perishable or threatens to decline speedily in value, any such sale may be made upon one day's written notice (which notice may be given by telecopier) to the Debtors.

(e) Each Debtor agrees that upon the occurrence of any Default and at any time during the continuance thereof, any of the monies, deposit balances and other property of such Debtor held by, or coming into the possession of, the Administrative Agent may be applied (including, without limitation, by way of set-off) by the Administrative Agent to a reduction of the Obligations.

(f) For the purpose of enabling the Administrative Agent to exercise rights and remedies hereunder, each Debtor hereby grants to the Administrative Agent access upon the occurrence and during the continuance of a Default (after taking into account any applicable grace or cure period) to all media in which any Collateral consisting of Intellectual Property may be recorded or stored and to all computer equipment and software programs used for the compilation or printout thereof to the extent that such Debtor may lawfully do so, and hereby authorizes any and all custodians thereof to release such media to the Administrative Agent or in accordance with the Administrative Agent's instructions upon receipt of a letter executed by the Administrative Agent stating that a Default has occurred and is continuing.

(g) For the purpose of enabling the Administrative Agent to exercise its rights and remedies under this Agreement at such time as the Administrative Agent, without regard to this Section 11(g), shall be lawfully entitled to exercise such rights and remedies and for no other purpose, each Debtor hereby grants to the Administrative Agent, effective upon the occurrence and during the continuance of a Default and notice by the Administrative Agent that it desires to exercise such rights and remedies, an irrevocable, exclusive license, exercisable without payment of royalty or other compensation to any of the Debtors, to use, assign, license or sublicense any of the Collateral consisting of Intellectual Property, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(h) Each Debtor understands that compliance with Federal or state securities laws may limit the course of conduct of the Administrative Agent if the Administrative Agent were to attempt to dispose of all or any part of the Pledged Collateral and may also limit the extent to which or the manner in which any subsequent transferee of the Pledged Collateral may dispose of the same. Each Debtor agrees that in any sale of any of the Pledged Collateral the

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Administrative Agent is hereby authorized to comply with any such limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to (x) avoid any violation of applicable Law (including, without limitation, compliance with such procedures as may restrict the number of prospective bidders and purchasers and/or further restrict such prospective bidders or purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Pledged Collateral) or (y) obtain any required approval of the sale or of the purchaser by any governmental regulatory authority or official. Each Debtor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, and that the Administrative Agent shall not be liable or accountable to such Debtor for any discount allowed by reason of the fact that the Pledged Collateral is sold in compliance with any such limitation or restriction.

(i) The Administrative Agent shall be under no obligation to delay a sale or disposition of any of the Pledged Shares to permit the Issuer of such Pledged Shares to register them for public sale under the Securities Act of 1933 or under any applicable state securities or blue-sky Laws, provided that no such sale or disposition shall be in violation of applicable securities Laws.

12. Administrative Agent Appointed Attorney-in-Fact.

(a) Effective upon the occurrence and during the continuance of a Default, each Debtor hereby appoints the Administrative Agent as such Debtor's attorney-in-fact, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Administrative Agent shall have the right and power, in its own name or as attorney-in-fact for any Debtor, (i) to take any of the actions specified in Section 6(h) or 7(b) and (ii) generally, to do, at the Administrative Agent's option and at the Debtor's expense, at any time, or from time to time, all acts and things that the Administrative Agent deems necessary to protect, preserve and realize upon the Collateral and the Administrative Agent's security interest therein; and each Debtor hereby ratifies all that the Administrative Agent, acting as attorney-in-fact for such Debtor, shall lawfully do or cause to be done by virtue hereof.

(b) Concurrently with the execution and delivery hereof, each Debtor will execute and deliver to the Administrative Agent a Special Power of Attorney substantially in the form of Exhibit B hereto for the implementation of the assignment, sale or other disposition of the Collateral or any portion thereof pursuant to Sections 11(c), 11(d), and 11(g) upon the occurrence and during the continuance of a Default and for the other purposes specified in such Power of Attorney, and each Debtor hereby releases the Administrative Agent from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Administrative Agent under the power of attorney granted herein or

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therein, other than actions taken or omitted to be taken through the gross negligence or willful misconduct of the Administrative Agent.

13. Application of Moneys; Reassignment of Collateral. Except as otherwise provided herein,

all moneys which the Administrative Agent shall receive pursuant to this Agreement shall be applied in the order and manner provided in the Credit Agreement.

(b) The balance, if any, of such moneys shall be paid over to the Debtors or as otherwise required by law or as directed by a court of competent jurisdiction. Upon the payment in full of the Obligations, the termination of the Facility under the Credit Agreement, and the expiration or termination of all letters of credit issued thereunder, all Collateral not sold or otherwise disposed of pursuant hereto shall, at the request of the Debtors and at the sole cost and expense of the Debtors, be reassigned by the Administrative Agent to the Debtors (or as otherwise directed by a court of competent jurisdiction), without recourse and without any representations, warranties or agreements of any kind, other than that such Collateral is free and clear of any Liens placed thereon by the Administrative Agent. Each Debtor shall remain jointly and severally liable to the Creditors for any deficiency remaining on the Obligations after the aforesaid application of such monies to the Obligations.

14. Compliance With Securities Laws.

(a) If the Administrative Agent determines to exercise its right to sell any or all of the Pledged Shares, upon written request from the Administrative Agent, each Debtor shall furnish to the Administrative Agent all such information as the Administrative Agent may reasonably request in order to determine the number of Pledged Shares which may be sold by the Administrative Agent in transactions not requiring registration under the Securities Act of 1933 and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(b) Each Debtor further agrees that, upon written request from the Administrative Agent after the occurrence and during the continuance of a Default, it shall furnish to the Administrative Agent such further information, it shall execute and deliver to the Administrative Agent such instruments and documents, and it shall do or cause to be done such other acts and things, as the Administrative Agent may reasonably require to permit the Administrative Agent to sell or dispose of the Pledged Shares or any portion thereof in one or more exempt transactions under the Securities Act of 1933 and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect, and in compliance with any and all other 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 sales or dispositions, all at such Debtor's sole expense. Each Debtor further agrees that a breach of any of the covenants contained in this Section 14 will cause irreparable injury to the Administrative Agent and that the Administrative Agent has no adequate remedy at law in

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respect of such breach, and agrees that each and every covenant contained in this Section 14 shall be specifically enforceable against such Debtor, and each Debtor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants, except for a defense that no Default has occurred, that such Default has been cured or waived, that all of the Obligations have been paid in full or that the Administrative Agent has released the Pledged Shares.

15. Exercise of Rights. The Administrative Agent shall have the right in its sole discretion to determine which rights, security, liens, guarantees, security interests or remedies it shall retain, pursue, release, subordinate, modify or take any other action with respect to, without in any way modifying or affecting any of the other of them or any of the Administrative Agent's rights hereunder. Without limiting the generality of the foregoing, the Administrative Agent shall have complete and absolute discretion in determining which items of Collateral it will enforce its rights against, and it shall have no obligation to proceed ratably or in any other order against the Debtors' respective assets.

16. Waivers, Amendments, Required Notices. Each Debtor hereby waives notice of acceptance of this Agreement, notice of nonpayment of any Obligations or of any Receivables or of any instrument relating thereto, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of Collateral received or delivered, or any other action taken in reliance hereon and all other demands and notices of any description, except such as are expressly provided for herein or which by applicable law may not be waived on the date hereof. No course of dealing between the Administrative Agent and any Debtor or any other Person, and no failure on the part of the Administrative Agent to exercise, and no delay in exercising, any right, power or remedy hereunder, shall operate as a waiver thereof or as a waiver of any Default, nor shall any single or partial exercise by the Administrative Agent of any right, power or remedy hereunder or with respect to the Obligations preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No amendment or modification of this Agreement nor any waiver of any provision of this Agreement or consent to any departure by any Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent, and then any such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Debtor in any case shall, of itself, entitle such Debtor or any other Debtor to any other or further notice or demand in similar or other circumstances. If notice, whether before or after any Default has occurred, is required by law to be given by the Administrative Agent to any Debtor, such Debtor agrees that, unless otherwise specifically provided herein, ten (10) days' notice given in the manner provided below shall be reasonable notice.

17. Cumulative Rights and Remedies. This Agreement and the liens and security interests granted hereunder are in addition to and not in substitution for any other security interest or collateral now or hereafter held by or on behalf of the Administrative Agent to secure the Obligations and shall not operate as a merger of any contract debt or suspend the fulfillment of or affect the rights, remedies or powers of the Administrative Agent in respect of the Obligations or any other security interests held by the Administrative Agent for the fulfillment

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thereof. The remedies herein provided are cumulative and not exclusive of any remedy provided by Law.

18. Notices. All notices, requests, demands, instructions, directions and other communications provided for hereunder shall be in writing (which term shall include telecopied communications) and shall be mailed (by registered or certified mail, postage prepaid), telecopied or delivered to the applicable party at the address or telecopier number specified for such party on the signature pages of the Credit Agreement or the American Guarantee and Subordination Agreement, as the case may be, or, as to any party, to such other address or telecopier number as such party shall specify by a notice in writing to the other parties hereto delivered in accordance with the provisions of this Section 18. Each notice, request, demand, instruction, direction or other communication provided for hereunder shall be deemed delivered (a) if by mail, five Business Days after being deposited in the mails, addressed to the applicable party at its address set forth above, (b) if by hand, when delivered to the applicable party at such address, and (c) if by telecopy, when sent to the applicable party at such telecopier number; provided that if the date of delivery by hand pursuant to clause (b) above or the date of transmission by telecopier pursuant to clause (c) above is not a Business Day, then delivery shall be deemed to have occurred on the next succeeding Business Day.

19. Costs and Expenses. (a) The Debtors agree jointly and severally to pay, on demand, whether or not any Default shall have occurred and regardless of whether or not any proceeding to enforce this Agreement or the Obligations shall have been commenced, all of the reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of legal counsel) incurred by the Administrative Agent in connection with (i) the preparation of this Agreement and any related financing statements and other instruments and documents, (ii) the enforcement of this Agreement and the security interests granted hereunder, (iii) any filings or recordings with respect to the security interests granted hereunder (including all filing and recording fees, stamp taxes, recording taxes and intangible property taxes), (iv) the care and preservation of the Collateral, (v) the sale or other disposition of, or other realization upon, the Collateral that is permitted under this Agreement, or (vi) the preparation of any requested amendments to this Agreement or waivers or consents in connection herewith. Any such costs and expenses so incurred by the Administrative Agent shall be secured hereby and be a part of the Obligations.

(b) If any lien or tax shall be claimed with respect to the Collateral which, in the opinion of the Administrative Agent, may possibly create a valid obligation having priority over the security interest granted to it herein, the Administrative Agent may in its sole discretion and without notice to any Debtor pay such taxes and/or the amount secured by such lien and the amount of such payment shall be charged to such Debtor's account and added to the Obligations secured hereby; provided, however, that the Administrative Agent shall not make such payment with respect to any lien or tax being properly contested by appropriate proceedings or that constitutes a Permitted Lien.

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(c) Upon any failure by any Debtor to perform any of its duties and obligations hereunder, the Administrative Agent may, but shall not be obligated to, perform any or all of such duties, and such Debtor shall pay to the Administrative Agent, forthwith upon written demand therefor, an amount equal to the cash or out-of-pocket expense incurred by the Administrative Agent in so doing plus interest thereon, from the date such expense is incurred until it is paid in full at a rate per annum equal to the highest rate of interest payable by such Debtor from time to time on the Obligations.

20. Successors and Assigns. This Agreement shall be binding upon each Debtor and its respective successors and assigns and shall inure to the benefit of the Administrative Agent, the other Creditors and their respective successors, transferees and assigns. No Debtor may assign its rights or obligations hereunder or any portion thereof without the prior written consent of the Administrative Agent. Any Creditor may assign its rights and powers under this Agreement with all or any of the Obligations owing to it to the extent permitted by the Credit Agreement and, in the event of any such assignment, the assignee of such rights and powers, to the extent of such assignment, shall have the same rights and remedies hereunder, and shall be secured hereby to the same extent, as if it had been a Creditor on the date hereof. The Administrative Agent may resign and be replaced by a successor agent to the extent permitted by the Credit Agreement.

21. Severability. If any part of this Agreement is contrary to, prohibited by or deemed invalid under the applicable laws or regulations of any jurisdiction, such provision shall, as to such jurisdiction, be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given full force and effect so far as possible, and any such prohibition or invalidity in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

22. No Assumption of Duties; Limitation on Liabilities; Preservation of Collateral.

(a) Nothing herein contained shall be construed to constitute the Administrative Agent as any Debtor's agent for any purpose whatsoever except for the limited purposes of receiving proceeds of the Collateral as provided above. The Administrative Agent does not, by anything contained herein or in any assignment or otherwise, assume any Debtor's obligations under any Receivable or other Collateral or any contract or agreement relating thereto, and the Administrative Agent shall not be responsible in any way for any Debtor's performance of any of the terms and conditions thereof.

(b) Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable to any Person for any action taken or omitted by the Administrative Agent or its officers, directors, employees or agents hereunder or with respect to any transaction contemplated by this Agreement, except for the Administrative Agent's or such officers', directors', employees' or agents' gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent shall not be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the

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same may be located and regardless of the cause thereof unless due to the Administrative Agent's gross negligence or willful misconduct. The Administrative Agent shall not, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Receivables or any instrument received in payment thereof or for any damage resulting therefrom.

(c) The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. Neither the Administrative Agent nor any of its respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Debtor or otherwise.

23. Indemnification. Each Debtor agrees jointly and severally to pay, and to save the Administrative Agent harmless from, any and all liabilities, costs, expenses, losses or damages (including, without limitation, reasonable legal fees and expenses) which may be imposed on, incurred by or asserted against the Administrative Agent (i) with respect to, or resulting from, any delay in complying with any requirement of Law applicable to any of the Collateral or (ii) in connection with any investigation, litigation or other proceeding (whether or not the Administrative Agent is a party thereto) related to the entering into or performance of this Agreement or any of the transactions contemplated by this Agreement or the enforcement of any of the terms hereof. In any suit, proceeding or action brought by the Administrative Agent under or with respect to any Receivable, License or Contract for any sum owing thereunder, or to enforce any provisions of any Receivable, License or Contract, the Debtors will jointly and severally save, indemnify and keep the Administrative Agent harmless from and against any liabilities, costs, expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by any Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from any Debtor. Notwithstanding the foregoing, no Debtor shall be liable for any of the foregoing to the extent that they arise from the gross negligence or willful misconduct of the Administrative Agent.

24. Survival; Termination.

(a) All covenants, agreements, representations and warranties made herein by any Debtor shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the termination of the Facility under the Credit Agreement, the expiration or termination of all letters of credit issued thereunder, and the payment in full of all of the Obligations.

(b) This Agreement shall terminate when all of the other Operative Documents have terminated and all of the Obligations have been paid in full; provided, however, that this

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Agreement shall be reinstated if any payment in respect of the Obligations is rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be restored or returned by any Creditor for any reason, including without limitation by reason of the insolvency, bankruptcy or reorganization of any Debtor or any other Person.

25. **GOVERNING LAW.** THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS PRINCIPLES OF CONFLICT OF LAWS, OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

26. **SUBMISSION TO JURISDICTION.** (a) EACH DEBTOR HEREBY EXPRESSLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ALL FEDERAL AND STATE COURTS SITTING IN THE CITY OF NEW YORK, STATE OF NEW YORK IN CONNECTION WITH ANY ACTION, SUIT OR PROCEEDING RELATING TO THIS AGREEMENT, ANY INSTRUMENT OR DOCUMENT REFERRED TO HEREIN OR RELATED HERETO, OR ANY ITEM OF COLLATERAL, AND IN CONNECTION THEREWITH AGREES THAT ANY PROCESS OR NOTICE OF MOTION OR OTHER APPLICATION TO ANY OF SAID COURTS OR A JUDGE THEREOF MAY BE SERVED UPON SUCH DEBTOR WITHIN OR WITHOUT SUCH COURT'S JURISDICTION BY REGISTERED OR CERTIFIED MAIL, AT THE ADDRESS OF SUCH DEBTOR SPECIFIED IN SECTION 18 HEREOF (OR AT SUCH OTHER ADDRESS AS SUCH DEBTOR SHALL SPECIFY BY A PRIOR NOTICE IN WRITING TO THE ADMINISTRATIVE AGENT), PROVIDED A REASONABLE TIME FOR APPEARANCE IS ALLOWED.

(b) EACH DEBTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY INSTRUMENT OR DOCUMENT REFERRED TO HEREIN OR RELATED HERETO BROUGHT IN ANY FEDERAL OR STATE COURT SITTING IN THE CITY OF NEW YORK, STATE OF NEW YORK AND HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) NOTWITHSTANDING THE FOREGOING, THE ADMINISTRATIVE AGENT OR ANY OTHER CREDITOR MAY SUE ANY DEBTOR IN ANY JURISDICTION WHERE SUCH DEBTOR OR ANY OF ITS ASSETS MAY BE FOUND AND MAY SERVE LEGAL PROCESS UPON ANY DEBTOR IN ANY OTHER MANNER PERMITTED BY LAW.

27. **WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING

US SECURITY AND PLEDGE AGREEMENT - PAGE 31

UNDER OR RELATING TO THIS AGREEMENT, ANY INSTRUMENT OR DOCUMENT REFERRED TO HEREIN OR RELATED HERETO, OR ANY ITEM OF COLLATERAL, AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

28. Execution in Counterparts: Facsimile Signatures. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, all of which when taken together shall constitute but one and the same agreement. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

29. Additional Debtors. The American Guarantee and Subordination Agreement permits newly-formed or acquired Subsidiaries of the Borrower that are organized under the laws of the United States or any state thereof (each, a "New U.S. Subsidiary") to become parties thereto. It is the intention of the Companies that New U.S. Subsidiary that becomes party to the American Guarantee and Subordination Agreement concurrently become party to this Agreement as Debtors. Upon execution and delivery after the date hereof by the Administrative Agent and any such New U.S. Subsidiary of a Supplement in the form of Exhibit C, such New U.S. Subsidiary shall become a Debtor hereunder with the same force and effect as if originally named as a Debtor herein. The execution and delivery of any instrument adding an additional Debtor as a party to this Security Agreement shall not require the consent of any other Debtor hereunder. The rights and obligations of each Debtor hereunder shall remain in full force and effect notwithstanding the addition of any new Debtor as a party to this Agreement.

30. Agreements and Licenses.

If a Debtor cannot lawfully grant a security interest to the Administrative Agent in any Contract, Contract Right, Receivable, General Intangible, Instrument, Investment Property, Financial Asset, Lease, License, Licensing Agreement, or Supporting Obligation that constitutes Collateral in which it now or hereafter has rights because the applicable instrument or agreement prohibits or restricts such grant or requires the consent of any Person which has not been obtained, or because such grant would contravene applicable law, that item of Collateral shall not, to the extent it would be illegal or result in forfeiture of all material rights thereunder (each, a "Prescribed Contract"), be subject to the Administrative Agent's security interest hereunder (save to the extent provided below) unless and until such agreements, consents, waivers and approvals as may be required to avoid such illegality or forfeiture have been obtained ("Required Approvals"). The security interests granted to the Administrative Agent hereunder shall nonetheless immediately attach to any rights of such Debtor arising under, by reason of, or otherwise in respect of such Prescribed Contract, such as the right to receive payments thereunder and all Proceeds thereof ("Related Rights"), if and to the extent and as at the time such attachment to the Related Rights is not illegal and would not result in forfeiture of all material rights thereunder.

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To the extent permitted by applicable law, each Debtor will hold in trust for the Administrative Agent, and provide the Administrative Agent with the benefits of, each Prescribed Contract and, following the occurrence of a Default, will enforce all Related Rights at the written direction of the Administrative Agent for the benefit of the Creditors or at the direction of such other Person (including any purchaser of Collateral from the Administrative Agent or any receiver) as the Administrative Agent may designate.

Each Debtor shall, following the occurrence of a Default and a written request from the Administrative Agent, forthwith use commercially reasonable best efforts to obtain, as soon as reasonably practicable, all such Required Approvals and acknowledgments of the nature referred to in Subsection (d).

Each Debtor shall, at the time it enters into a License or Licensing Agreement, obtain from the licensor or licensee (as applicable) under such License or Licensing Agreement (i) a consent to grant a security interest in such License or Licensing Agreement and the related Intellectual Property, including all of such Debtor's rights thereto, and to any disposition thereof pursuant to the remedies provisions hereof and (ii) an agreement that none of the Creditors shall have any obligations to such licensor or licensee (as applicable) by reason only of such security interest or disposition.

31. Conflict with Credit Agreement.

Notwithstanding anything in this Agreement to the contrary, in the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of the Credit Agreement, the terms and conditions of the Credit Agreement shall apply and govern, save only (i) to the extent that any provision thereof is either inconsistent with or in breach of any provision of any applicable law of the State of New York, or renders the charges, security interests or liens created hereunder or the remedies provided hereby invalid, illegal, unenforceable or ineffective in any way, and (ii) that the creation, preservation and enforcement of the liens and security interests granted by, and any charges made against, the Debtors hereunder shall in all events be governed and controlled by this Agreement. For greater certainty, any provision contained in this Agreement shall not be in conflict with any provision of the Credit Agreement unless the parties hereto cannot comply with both provisions in which case the provisions of the Credit Agreement shall prevail.

[Remainder of page intentionally left blank; signature pages follow]

US SECURITY AND PLEDGE AGREEMENT - SIGNATURE PAGE

[Signature pages to Security and Pledge Agreement dated as of January 17, 2005]

IN WITNESS WHEREOF, each Debtor has caused this Agreement to be duly executed and delivered by its duly authorized officer as of the date first above written.

ATRIUM BIOTECH USA INC.

By [Signature]
Name:
Title:

ATRIUM BIOTECH HOLDCO, INC.

By [Signature]
Name:
Title:

PURE ENCAPSULATIONS, INC.

By [Signature]
Name:
Title:

US SECURITY AND PLEDGE AGREEMENT - SIGNATURE PAGE

Acknowledged and accepted:

NATIONAL BANK OF CANADA,
as Administrative Agent

By Arun Berry
Name: ARUN BERRY
Title: DIRECTOR

By [Signature]
Name: CARA DOTTORI
Title: MANAGING DIRECTOR

Schedule I to
Security and Pledge Agreement

1. SCHEDULE OF OFFICES

1. Addresses of Debtors' chief executive offices:

Name of Company	Addresses	Former Names	Mergers or Consolidations
Atrium Biotech USA Inc.	<u>Chief Executive Office</u> 9, Commerce Road, Fairfield, NJ USA 09004	None	None
Atrium Biotech Holdco, Inc.	<u>Chief Executive Office</u> 490 Boston Post Road, Sudbury, MA USA 01776	None	None
Pure Encapsulations, Inc.	<u>Chief Executive Office</u> 490 Boston Post Road, Sudbury, MA USA 01776	Atrium Pureco, Inc.	None

Schedule II to
Security and Pledge Agreement

2. SCHEDULE OF INVENTORY AND EQUIPMENT LOCATIONS

Name of Company		Addresses
Atrium Biotech USA Inc.		9, Commerce Road, Fairfield, NJ USA 09004
Atrium Biotech Holdco, Inc.		490 Boston Post Road, Sudbury, MA USA 01776
Pure Encapsulations, Inc.		490 Boston Post Road, Sudbury, MA USA 01776

Schedule III to
Security and Pledge Agreement

SCHEDULE OF PLEDGED SHARES

Name of Pledgor	Name of Issuer	Number of Shares	Class of Shares	Par Value of Shares	Stock Certificate No.
Atrium Biotech USA Inc.	N/A	N/A	N/A	N/A	N/A
Atrium Biotech Holdco, Inc.	Pure Encapsulations, Inc.	2,000	Common	None	1
Pure Encapsulations, Inc.	N/A	N/A	N/A	N/A	N/A

Schedule IV to
Security and Pledge Agreement

3. SCHEDULE OF INTELLECTUAL PROPERTY

A - SCHEDULE OF PATENTS

Name of Company		Patents
Atrium Biotech USA Inc.		None
Atrium Biotech Holdco, Inc.		None
Pure Encapsulations, Inc.		None

B - SCHEDULE OF TRADEMARKS**SCHEDULE OF TRADEMARKS**

Trademark / Country	Registration number	Date
A.C. FORMULA		
1. États-Unis	2430683	27 février 2001
ADR FORMULA		
1. États-Unis	2380503	29 août 2000
A.I. FORMULA		
1. États-Unis	2396919	24 octobre 2000
A.P. FORMULA		
1. États-Unis	2378633	22 août 2000
+CAL+		
1. États-Unis	2410417	5 décembre 2000
CRANBERRY NS		
1. États-Unis	2375292	8 août 2000
DGL PLUS		
1. États-Unis	2375293	8 août 2000
IMM FORMULA		
1. États-Unis	2377587	15 août 2000
ISOPROTEIN PLUS		
1. États-Unis	2304054	28 décembre 1999
MINERAL 650		
1. États-Unis	2302042	21 décembre 1999
NIACITOL		
1. États-Unis	2377586	15 août 2000
NUTRIENT280C		
1. États-Unis	2304053	28 décembre 1999
NUTRIENT950		
1. États-Unis	2302038	21 décembre 1999
PROSOOTHE		
1. États-Unis	2304055	28 décembre 1999
PURE ENCAPSUL.		
1. États-Unis	2096198	16 septembre 1997
PUREWEIGH		
1. États-Unis	2468500	10 juillet 2001
ULTRANUTRIENT		
1. États-Unis	2302037	21 décembre 1999
VEINPRO		
1. États-Unis	2302043	21 décembre 1999

C - SCHEDULE OF COPYRIGHTS

None

DM_MTL/104822-00200/1008616.9

Schedule V to
Security and Pledge Agreement

4. SCHEDULE OF COMMERCIAL TORT CLAIMS

None

DM_MIL/104822-00200/1008616.9

Schedule VI to
Security and Pledge Agreement

5. SCHEDULE OF DEPOSIT ACCOUNTS

Name of Company	Deposit Account	
	Bank	Account #
Atrium Biotech USA Inc.	Bank of America 32 Route 46 West Pine Brook, NJ 07058	94186002202
	Banque Royale du Canada 700 Place d'Youville Québec (Québec) G1R 3P2	400-288-7
Atrium Biotech Holdco, Inc.	Bank of America 22 Union Avenue Sudbury, MA 01776	9421372284
Pure Encapsulations, Inc.	Bank of America 22 Union Avenue Sudbury, MA 01776	0056441987

Exhibit A to
Security and Pledge Agreement

FORM OF IRREVOCABLE PROXY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby make, constitute and appoint NATIONAL BANK OF CANADA ("NBC"), in its capacity as Administrative Agent under the Security Agreement referred to below (in such capacity, together with any successor thereto in such capacity, herein referred to as the "Administrative Agent"), and each of the Administrative Agent's officers and employees, its true and lawful attorneys, for it and in its name, place and stead, to act as its proxy, at all times when a Default (as such term is defined in the Security Agreement referred to below) has occurred and is continuing, in respect of all of the shares of capital stock of _____, a _____ corporation, (hereinafter referred to as the "Subsidiary"), which it now or hereafter may own or hold, including, without limitation, the right, on its behalf, to demand the call by any proper officer of the Subsidiary pursuant to the provisions of the respective certificates of incorporation or by-laws of the Subsidiary and as permitted by law of a meeting of the Subsidiary's respective shareholders and at any meeting of shareholders, annual, general or special, to vote for the transaction of any and all business that may come before such meeting, or at any adjournment thereof, including, without limitation, the right to vote for the sale of all or any part of the respective assets of the Subsidiary and/or the liquidation and dissolution of the Subsidiaries; giving and granting to its said attorneys full power and authority to do and perform each and every act and thing, whether necessary or desirable to be done in and about the premises, as fully as it might or could do if personally present, with full power of substitution, appointment and revocation, hereby ratifying and confirming all that their respective attorneys shall do or cause to be done by virtue hereof.

This Irrevocable Proxy is given to the Administrative Agent and to its officers and employees in consideration of the transactions contemplated by, and in order to carry out the covenant of the undersigned contained in, a certain Security and Pledge Agreement of even date herewith among the undersigned, certain affiliates of the undersigned party thereto, and the Administrative Agent (as it may be amended, modified or supplemented from time to time, the "Security Agreement"), and this Proxy shall be irrevocable and coupled with an interest, and shall be effective and binding upon the undersigned and its successors and assigns until the termination of the Facility under the Credit Agreement (as such terms are defined in the Security Agreement), [the expiration or termination of any letters of credit issued thereunder], and the payment in full of all of the Obligations (as defined therein) and may be exercised only after the occurrence and during the continuance of a Default (as defined therein).

This Irrevocable Proxy shall be subject to the terms and conditions of the Security Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Irrevocable Proxy to be executed by its duly authorized officer as of this seventeenth day of January, 2005.

[_____]

By: _____
Name:
Title:

Exhibit B to
Security and Pledge Agreement

SPECIAL POWER OF ATTORNEY

STATE OF _____)
) ss.:
COUNTY OF _____)

KNOW ALL MEN BY THESE PRESENTS, THAT _____ a
_____ corporation (the "Assignor") hereby irrevocably appoints and constitutes National
Bank of Canada, as Administrative Agent (the "Assignee"), its true and lawful attorney, with
full power of substitution, and with full power and authority to perform the following acts on
behalf of the Assignor:

1. For the purpose of assigning, selling, licensing or otherwise disposing of all
right, title and interest of the Assignor in and to any and all patents listed on Schedule A
hereto (the "Patents"), any and all trademarks, trade names, trade styles and service
marks listed in Schedule B hereto (the "Trademarks"), any and all copyrights listed in
Schedule C hereto (the "Copyrights"), and all registrations, recordings, reissues,
extensions and renewals of any of the foregoing, and all pending applications therefor,
for the purpose of continuing, protecting and preserving the Patents, the Trademarks and
the Copyrights, and for the purpose of the recording, registering and filing of, or
accomplishing any other formality with respect to, the foregoing, (a) to execute on its
own behalf and/or on the behalf and stead of the Assignor and deliver any and all
agreements, documents, instruments of assignment or other papers necessary or advisable
to effect such purpose and (b) to take such other actions with respect to the Patents, the
Trademarks or the Copyrights as the Assignee deems in its best interest; and

2. To execute on its own behalf and/or on the behalf and stead of the Assignor
any and all documents, statements, certificates or other papers necessary or advisable in
order to effectuate any of the purposes described above as the Assignee may in its sole
discretion determine.

The Assignor hereby ratifies all that the Assignee shall lawfully do or cause to be done
under or by virtue of the powers of attorney granted herein and hereby releases the Assignee
from any and all claims, causes of action and demands at any time arising out of or with respect
to any actions taken or omitted to be taken by the Assignee under the powers of attorney granted
herein, other than actions taken or omitted to be taken through the gross negligence or wilful
misconduct of the Assignee.

This power of attorney is made pursuant to a Security and Pledge Agreement dated as of
the date hereof among the Assignor, certain affiliates of the Assignor party thereto, and the

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Assignee (the "Security Agreement"), takes effect and continues to be effective upon the occurrence and during the continuance of a Default (as such term is defined therein), and is subject to the conditions thereof and may not be revoked until the termination of the Facility under the Credit Agreement (as such terms are defined in the Security Agreement), [] the expiration or termination of all letters of credit issued thereunder [], and the payment in full of all of the Obligations (as defined therein).

Dated: _____, 2005 []

By: _____
Name:
Title:

STATE OF _____)
) ss.:
COUNTY OF _____)

On this ___ day of _____, 2005, before me personally appeared _____, to me known, who, being by me duly sworn, did depose and say that he is the _____ of _____, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed pursuant to authority of the Board of Directors of said corporation, and that he signed his name thereto pursuant to such authority.

Notary Public

Schedule A to
Special Power of Attorney

SCHEDULE OF PATENTS

Nil

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Schedule B to
Special Power of Attorney

SCHEDULE OF TRADEMARKS

Trademark / Country	Registration number	Date
A.C. FORMULA		
1. États-Unis	2430683	27 février 2001
ADR FORMULA		
1. États-Unis	2380503	29 août 2000
A.I. FORMULA		
1. États-Unis	2396919	24 octobre 2000
A.P. FORMULA		
1. États-Unis	2378633	22 août 2000
+CAL+		
1. États-Unis	2410417	5 décembre 2000
CRANBERRY NS		
1. États-Unis	2375292	8 août 2000
DGL PLUS		
1. États-Unis	2375293	8 août 2000
IMM FORMULA		
1. États-Unis	2377587	15 août 2000
ISOPROTEIN PLUS		
1. États-Unis	2304054	28 décembre 1999
MINERAL 650		
1. États-Unis	2302042	21 décembre 1999
NIACITOL		
1. États-Unis	2377586	15 août 2000
NUTRIENT280C		
1. États-Unis	2304053	28 décembre 1999
NUTRIENT950		
1. États-Unis	2302038	21 décembre 1999
PROSOOTHE		
1. États-Unis	2304055	28 décembre 1999
PURE ENCAPSUL.		
1. États-Unis	2096198	16 septembre 1997
PUREWEIGH		
1. États-Unis	2468500	10 juillet 2001
ULTRANUTRIENT		
1. États-Unis	2302037	21 décembre 1999
VEINPRO		
1. États-Unis	2302043	21 décembre 1999

Schedule C to
Special Power of Attorney

SCHEDULE OF COPYRIGHTS

Nil

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Exhibit C to
Security and Pledge Agreement

SUPPLEMENT NO. _____, dated as of _____, to the Security and Pledge Agreement dated as of January 17, 2005 (as heretofore amended, restated supplemented or otherwise modified, the "**Security Agreement**"), among:

- (i) ATRIUM BIOTECH HOLDCO, INC., a corporation organized under the laws of the State of Delaware ("**Holdco**");
- (ii) PURE ENCAPSULATIONS, INC., a corporation organized under the laws of the State of Delaware ("**Encapsulations**");
- (iii) ATRIUM BIOTECH USA INC., a corporation organized under the laws of the State of Delaware ("**Biotech USA**")
- (iv) each other direct or indirect Subsidiary of the Borrower referred to below that may become a Debtor hereunder from time to time pursuant to Section 29 (each, a "**New Debtor**"); and
- (v) NATIONAL BANK OF CANADA ("**NBC**"), as administrative agent (in such capacity, together with any successor thereto in such capacity, the "**Administrative Agent**") for its own benefit and on behalf of the Creditors, as defined and referred to below.

All capitalized terms that are defined in the Security Agreement and are not otherwise defined herein have the respective meanings assigned to them in the Security Agreement.

RECITALS:

A. The Credit Agreement requires certain subsidiaries of the Borrower (each, a "**Relevant Subsidiary**" and collectively the "**Relevant Subsidiaries**") to become parties to the Security Agreement and execute and deliver to the Administrative Agent other relevant security documents upon the occurrence of certain circumstances specified therein (each, a "**Triggering Event**" and collectively the "**Triggering Events**").

B. One or more Triggering Events have occurred.

C. Section 29 of the Security Agreement provides that any Relevant Subsidiary may become a Debtor under the Security Agreement by execution and delivery of an instrument in the form of this Supplement.

D. The undersigned Relevant Subsidiary is executing this Supplement, in accordance with the requirements of the Credit Agreement, to become a Debtor under the Security Agreement in order to induce the Creditors to continue to extend credit under the Credit Agreement and/or to continue to perform their obligations and undertakings thereunder and as consideration for credit previously extended.

NOW THEREFORE, the undersigned Relevant Subsidiary agrees as follows for the benefit of the Administrative Agent and the other Creditors:

1. **Agreement to be Bound by the Security Agreement.**

In accordance with Section 29 of the Security Agreement, the undersigned Relevant Subsidiary by its signature below becomes a Debtor under the Security Agreement with the same force and effect as if originally named therein as a Debtor, and it hereby agrees to all the terms and provisions of the Security Agreement applicable to it as a Debtor thereunder. Each reference to a "Debtor" in the Security Agreement shall be deemed to include the undersigned Relevant Subsidiary. The Security Agreement is hereby incorporated herein by reference.

2. **Representations and Warranties.**

The undersigned Relevant Subsidiary represents and warrants to the Administrative Agent for the benefit of the Creditors that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

3. **Miscellaneous.**

This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single agreement. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the undersigned Relevant Subsidiary and the Administrative Agent.

Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICT OF LAWS, OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW.

In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the

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validity, legality and enforceability of the remaining provisions contained herein and in the Security Agreement shall not in any way be affected or impaired.

All communications and notices hereunder shall be in writing and shall be given as provided in the Security Agreement. All communications and notices hereunder to the undersigned Relevant Subsidiary shall be given to it at the address set forth next to its signature.

The undersigned Relevant Subsidiary agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Administrative Agent.

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

Address: _____

Attention: _____
Telecopier: _____

[Name of Relevant Subsidiary]
By: _____
Name:
Title:

NATIONAL BANK OF CANADA,
as Administrative Agent

By _____
Name:
Title:

By _____
Name:
Title:

2,410,417

2,375,292

2,375,293

2,377,587

2,304,054

2,302,042

2,377,586

2,304,053

2,302,038

2,304,055

2,096,198

2,468,500

2,302,037

2,302,043