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

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Patent and Trademark Office

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

1. Name of conveying party(ies):
New Jersey Basketball, LLC

- ☐ Individual(s)
- ☐ Association
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Corporation-State
- ☑ Other Limited Liability Company

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

2. Name and address of receiving party(ies)

Name: JPMorgan Chase Bank, N.A., as Collateral Agent

Internal Address:

Street Address: 270 Park Avenue

City: New York State: NY Zip: 10017

- ☐ Individual(s) citizenship
- ☐ Association
- ☐ General Partnership
- ☐ Limited Partnership
- ☑ Corporation-State NY
- ☐ Other

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

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3. Nature of conveyance:

- ☐ Assignment
- ☐ Merger
- ☑ Security Agreement
- ☐ Change of Name
- ☑ Other Corrective assignment to add 2nd page of Schedule previously recorded. Rel 003034 Frame 704

Execution Date: August 16, 2004

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

A. Trademark Application No.(s)
N/A

B. Trademark Registration No.(s)
PLEASE SEE ATTACHED SCHEDULE III.

Additional number(s) attached ☑ Yes ☐ No

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

Name: Penelope Agodoa

Internal Address: Federal Research Corporation

Street Address: 1030 15th Street, NW
Suite 920

City Washington State: DC Zip: 20005

6. Total number of applications and registrations involved: 15

7. Total fee (37 CFR 3.41).....$ 1150 00

- ☑ Enclosed
- ☐ Authorized to be charged to deposit account

8. Deposit account number: 390E

(Attach duplicate copy of this page if paying by deposit account)

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9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Michael Starrs — Name of Person Signing
Michael Starrs — Signature
June 15, 2005 — Date

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

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

SLY	9/21/1999	2279953
NETS and Design	10/5/1999	2283626
POWER 'N MOTION	10/5/1999	2283920
HOOPS ZONE	12/14/1999	2300448
SLAMMIN' PLANET	2/29/2000	2323369
SLAMMIN' PLANET	6/20/2000	2360773
SLY	11/21/2000	2406643
NJ AND DESIGN	6/19/2001	2461956
NETS HOT SHOTS FAN CLUB AND DESIGN	9/25/2001	2492159
NETS HOT SHOTS FAN CLUB AND DESIGN	10/9/2001	2495766
SLY	4/23/2002	2563959
NETS and Design	6/11/2002	2577884
NETS and Design	7/23/2002	2597367
NETS and Design	8/6/2002	2603964
NETS and Design – HARDWOOD CLASSICS	12/30/2003	2800531

08-25-2004

8-24-04

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

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

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

1. Name of conveying party(ies):
NEW JERSEY BASKETBALL, LLC

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

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

2. Name and address of receiving party(ies)
Name: JPMorgan Chase Bank, as Administrative Agent
Internal Address:
Street Address: 270 Park Avenue
City: New York State: NY Zip: 10017
☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☑ Corporation-State NY
☐ Other
If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? ☐ Yes ☐ No

3. Nature of conveyance:
☐ Assignment ☐ Merger
☑ Security Agreement ☐ Change of Name
☐ Other
Execution Date: August 16, 2004

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
PLEASE SEE SCHEDULE 1 ATTACHED
B. Trademark Registration No.(s)
PLEASE SEE SCHEDULE 1 ATTACHED
Additional number(s) attached ☐ Yes ☐ No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Penelope Agodoa
Internal Address: Federal Research Corporation
Street Address: 1030 15th Street, NW
Suite 920
City Washington State: DC Zip: 20005

6. Total number of applications and registrations involved: 47

7. Total fee (37 CFR 3.41).....$ 1190.00
☐ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:
(Attach duplicate copy of this page if paying by deposit account)

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9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Andrew Wilson — Name of Person Signing
Signature
8/17/04 — Date

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

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02 FC:8522 1150.00 OP

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

SCHEDULE 1

TRADEMARKS

New Jersey Basketball, LLC U.S. Federal Trademark Registrations and Applications

NJB U.S. Trademark Applications

Mark	Filing Date	Application No.
NETS AND STATE SILHOUETTE DESIGN	4/30/2001	76/248657
BROOKLYN NETS WORD	1/22/2004	78/356010
BROOKLYN NETS WORD	1/22/2004	78/356012
NEW YORK NETS	3/8/2004	78/380274
NEW YORK NETS	3/8/2004	78/380289
NEW YORK NETS	3/8/2004	78/380334
NEW YORK NETS	3/8/2004	78/380351
NEW YORK NETS	3/8/2004	78/380358
NEW YORK NETS	3/8/2004	78/380373
NEW YORK NETS	3/8/2004	78/380432
NEW YORK NETS	3/8/2004	78/380447
NEW YORK NETS	3/8/2004	78/380463
BROOKLYN NETS WORD	3/8/2004	78/380476
BROOKLYN NETS WORD	3/8/2004	78/380508
BROOKLYN NETS WORD	3/8/2004	78/380516
BROOKLYN NETS WORD	3/9/2004	78/380716
BROOKLYN NETS WORD	3/9/2004	78/380729
BROOKLYN NETS WORD	3/9/2004	78/381067
BROOKLYN NETS WORD	3/9/2004	78/381076

NJB U.S. Trademark Registrations

Mark	Reg. Date	Reg. No.
NEW JERSEY NETS	9/14/1982	1209109
NEW JERSEY NETS and Design	9/14/1982	1209110
NETS	2/13/1996	1956158
NEW YORK NETS	12/16/1997	2121951
NETS and Design	8/4/1998	2179493
NETS and Design	8/4/1998	2179494
NETS and Design	8/4/1998	2179495
NETS and Design	2/23/1999	2226608
NJ AND DESIGN	3/2/1999	2229470
NJ AND DESIGN	3/9/1999	2231133
NJ AND DESIGN	3/16/1999	2232741
NETS and Design	7/27/1999	2265340
NJ AND DESIGN	8/17/1999	2270983

COLLATERAL AGREEMENT

dated as of

August 16, 2004

among

BROOKLYN BASKETBALL, LLC,

NEW JERSEY BASKETBALL, LLC,

THE SUBSIDIARIES OF NEW JERSEY BASKETBALL, LLC
IDENTIFIED HEREIN

and

JPMORGAN CHASE BANK,

as Collateral Agent

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COLLATERAL AGREEMENT dated as of August 16, 2004, among New Jersey Basketball, LLC., Brooklyn Basketball, LLC, the Subsidiaries of New Jersey Basketball, LLC identified herein and JPMORGAN CHASE BANK, as Collateral Agent.

Reference is made to the Credit Agreement dated as of August 16, 2004 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among New Jersey Basketball, LLC (the "*Borrower*"), Brooklyn Basketball, LLC ("*Holdings*"), the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent. The Lenders have agreed to extend credit to the Borrower subject to the terms and conditions set forth in the Credit Agreement. The obligations of the Lenders to extend such credit are conditioned upon, among other things, the execution and delivery of this Agreement. Holdings and the Subsidiary Parties are affiliates of the Borrower, will derive substantial benefits from the extension of credit to the Borrower pursuant to the Credit Agreement and are willing to execute and deliver this Agreement in order to induce the Lenders to extend such credit. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. *Credit Agreement.* (a) Capitalized terms used in this Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement. All terms defined in the New York UCC (as defined herein) and not defined in this Agreement have the meanings specified therein; the term "instrument" shall have the meaning specified in Article 9 of the New York UCC.

(b) The rules of construction specified in Section 1.03 of the Credit Agreement also apply to this Agreement.

SECTION 1.02. *Other Defined Terms.* As used in this Agreement, the following terms have the meanings specified below:

"*Account Debtor*" means any Person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"*Arena License*" means any rights of a Grantor granted under any lease, sublease, license, sublicense or use agreement of a stadium, sports arena or related facilities to the extent that such rights relate to conducting "home" NBA basketball games, together with any payments or other accommodations to such Grantor thereunder.

"*Article 9 Collateral*" has the meaning assigned to such term in Section 4.01.

"*Collateral*" means Article 9 Collateral and Pledged Collateral.

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"*Copyright License*" means any written agreement, now or hereafter in effect, granting any right to any third party under any copyright now or hereafter owned by any Grantor or that such Grantor otherwise has the right to license, or granting any right to any Grantor under any copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

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

"*Credit Agreement*" has the meaning assigned to such term in the preliminary statement of this Agreement.

"*Equity Contribution Account*" means the account administered by and maintained with the Collateral Agent (account no. 134-754395, at the Collateral Agent's branch at 1166 Avenue of the Americas, 15th Floor, New York, NY 10036, attention of Anthony Wilkens) for the purpose of receiving, holding and distributing cash deposits consisting of proceeds from capital contributions to the Borrower pursuant to Section 5.15 of the Credit Agreement, and any successor account that may be established with the Collateral Agent for such purpose.

"*Expansion Revenues*" means all cash compensation payable from time to time to or for the benefit of a Grantor, in connection with any expansion of the NBA, by the Member or Members becoming a member(s) of the NBA as a result of such expansion, including cash payments on any deferred portion of the compensation payable in connection with such expansion and cash payments (whether of principal, interest or other amounts) on any promissory notes issued to or for the benefit of a Grantor in connection with such expansion.

"*Federal Securities Laws*" has the meaning assigned to such term in Section 5.04.

"*General Intangibles*" means all choses in action and causes of action and all other intangible personal property of every kind and nature (other than Accounts) now owned or hereafter acquired by any Grantor, including corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, Swap Agreements and other agreements), Intellectual Property, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any of the Accounts.

"*Grantors*" means Holdings, the Borrower and the Subsidiary Parties.

"*Guarantors*" means Holdings and the Subsidiary Parties.

"*Intellectual Property*" means all intellectual property of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other proprietary data or information, software and databases and all embodiments or fixations thereof and related documentation and registrations and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"*License*" means any Patent License, Trademark License, Copyright License or other intellectual property license or sublicense agreement to which any Grantor is a party, including those listed on Schedule III.

"*Membership Rights*" means a Grantor's Membership and all membership rights of the Grantor in the NBA that are granted by the NBA equally to each of the Members, including the right to field and operate a basketball team in the NBA and the right to designate a member of the NBA Board of Governors, whether or not in writing or evidenced by a membership or other certificate.

"*New York UCC*" means the Uniform Commercial Code as from time to time in effect in the State of New York.

"*Operations Contracts*" means all concessions, parking, security and other contracts and agreements relating to the operations of the Grantor, and all contracts or agreements relating to skyboxes, club seating or other premium seating, in each case to which a Grantor is a party.

"*Patent License*" means any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a patent, now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement.

"*Patents*" means all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States or the equivalent thereof in any other country, and all applications for letters patent of the United States or the equivalent thereof in any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country, including those listed on Schedule III, and (b) all reissues, continuations, divisionals, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein.

"*Perfection Certificate*" means a certificate substantially in the form of Exhibit II, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Financial Officer and the chief legal officer of the Borrower.

"*Pledged Collateral*" has the meaning assigned to such term in Section 3.01.

"*Pledged Debt Securities*" has the meaning assigned to such term in Section 3.01.

"*Pledged Securities*" means any promissory notes, stock certificates or other securities now or hereafter included in the Pledged Collateral, including all certificates, instruments or other documents representing or evidencing any Pledged Collateral.

"*Pledged Stock*" has the meaning assigned to such term in Section 3.01.

"*Proceeds*" has the meaning specified in Section 9-102 of the New York UCC.

"*Reserve Account*" means the accounts administered by and maintained with the Collateral Agent (account nos. 134-754360 and 134-754379, at the Collateral Agent's branch at 1166 Avenue of the Americas, 15th Floor, New York, NY 10036, attention of Anthony Wilkens) for the purpose of receiving, holding and distributing cash deposits in respect of the Interest Reserve Amount and Operating Reserve Amount pursuant to Section 5.14 of the Credit Agreement, and any successor account that may be established with the Collateral Agent for such purpose.

"*Secured Parties*" means (a) the Secured Lenders (b) the Collateral Agent, (c) each counterparty to any interest rate protection agreement of a type described in clause (c) of the definition of "Secured Obligations" and (d) the successors and assigns of each of the foregoing.

"*Secured Obligations*" means (a) the obligations of the Borrower under the Credit Agreement to make payment of the principal of and interest on the Tranche A Term Loans, the Tranche C Term Loans and the Revolving Loans; (b) any payment obligation of a Loan Party under a Loan Document in respect of its Guarantee of any obligation referred to in clause (a) of this definition; (c) the due and punctual payment of all obligations of the Borrower under each interest rate protection agreement in respect of the Tranche A Term Loans, the Tranche C Term Loans or the Revolving Loans (provided, that the aggregate notional amount of all such interest rate protection agreements shall not exceed the lesser of (x) the aggregate principal amount of the Tranche A Term Loans, the Tranche C Term Loans and the Revolving Loans and (y) $100,000,000) that (i) is in effect on the Effective Date with a counterparty that is a Lender or an Affiliate of a Lender as of the Effective Date or (ii) is entered into after the Effective Date with any counterparty that is a Lender or an Affiliate of a Lender at the time such Swap Agreement is entered into; and (d) each other amount payable under the Credit Agreement that is solely and directly attributable to the Tranche A Term Loans, the Tranche C Term Loans or the Revolving Loans, including without limitation, amounts payable in respect of the Tranche A Term Loans, the Tranche C Term Loans or the Revolving Loans under Sections 2.09, 2.12, 2.13 and 2.14 of the Credit Agreement.

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"*Security Interest*" has the meaning assigned to such term in Section 4.01.

"*Subsidiary Parties*" means (a) the Subsidiaries identified on Schedule I and (b) each other Subsidiary that becomes a party to this Agreement as a Subsidiary Party after the Effective Date.

"*Tickets Rights*" means all tickets, ticket rights, ticket holder lists and ticket issuance arrangements relating to admission to NBA basketball games of the Nets, whether home or away and whether involving pre-season, regular season or post-season games.

"*Trademark License*" means any written agreement, now or hereafter in effect, granting to any third party any right to use any trademark now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, or granting to any Grantor any right to use any trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

"*Trademarks*" means all of the following now owned or hereafter acquired by any Grantor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in any State of the United States or any other country or any political subdivision thereof, and all extensions or renewals thereof, including those listed on Schedule III, (b) all goodwill associated therewith or symbolized thereby and (c) all other rights and interests that uniquely reflect or embody such goodwill.

"*Tranche B Obligations*" means (a) the obligations of the Borrower under the Credit Agreement to make payment of (i) the principal of and interest on the Tranche B Term Loans and (ii) each other amount payable under the Credit Agreement that is directly attributable to the Tranche B Term Loans, including without limitation, amounts payable in respect of Tranche B Term Loans under Sections 2.09, 2.12, 2.13 and 2.14 of the Credit Agreement, and (b) any payment obligation of a Loan Party under a Loan Document in respect of its Guarantee of any obligation referred to in clause (a) of this definition.

ARTICLE II

Guarantee

SECTION 2.01. *Guarantee*. Each Guarantor unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment and performance of the Obligations. Each of the Guarantors further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its

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guarantee notwithstanding any extension or renewal of any Obligation. Each of the Guarantors waives presentment to, demand of payment from and protest to the Borrower or any other Loan Party of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment.

SECTION 2.02. *Guarantee of Payment.* Each of the Guarantors further agrees that its guarantee hereunder constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Collateral Agent or any other Person to any security held for the payment of the Secured Obligations or to any balance of any deposit account or credit on the books of the Collateral Agent or any Lender or Secured Party in favor of the Borrower or any other Person.

SECTION 2.03. *No Limitations.* (a) Except for termination of a Guarantor's obligations hereunder as expressly provided in Section 7.13, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by (i) the failure of the Collateral Agent or any Lender or Secured Party to assert any claim or demand or to enforce any right or remedy under the provisions of any Loan Document or otherwise; (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Loan Document or any other agreement, including with respect to any other Guarantor under this Agreement; (iii) the release of any security held by the Collateral Agent or any other Secured Party for the Obligations or any of them; (iv) any default, failure or delay, wilful or otherwise, in the performance of the Secured Obligations; or (v) any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash or performance of all the Obligations, as the case may be). Each Guarantor expressly authorizes the Secured Parties to take and hold security for the payment and performance of the Secured Obligations, to exchange, waive or release any or all such security (with or without consideration), to enforce or apply such security and direct the order and manner of any sale thereof in their sole discretion or to release or substitute any one or more other guarantors or obligors upon or in respect of the Obligations, all without affecting the obligations of any Guarantor hereunder and all in accordance with and subject to the Security Documents.

(b) To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of any defense of the Borrower or any other Loan Party or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower or any other Loan Party, other than the indefeasible payment in full in cash or performance of all the Obligations, as the case may be. The Collateral Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or

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nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Secured Obligations, make any other accommodation with the Borrower or any other Loan Party or exercise any other right or remedy available to them against the Borrower or any other Loan Party, all in accordance with and subject to the Security Documents, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been performed or indefeasibly paid in full in cash, as the case may be. To the fullest extent permitted by applicable law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other Loan Party, as the case may be, or any security.

SECTION 2.04. *Reinstatement.* Each of the Guarantors agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Collateral Agent or any other Secured Party upon the bankruptcy or reorganization of the Borrower, any other Loan Party or otherwise.

SECTION 2.05. *Agreement To Pay.* In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any Lender or Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Loan Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Collateral Agent for distribution to the holders thereof in cash the amount of such unpaid Obligation. Upon payment by any Guarantor of any sums to the Collateral Agent as provided above, all rights of such Guarantor against the Borrower or any other Loan Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subject to Section 2.08.

SECTION 2.06. *Indemnity and Subrogation.* In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law, the Borrower agrees that (a) in the event a payment of an obligation shall be made by any Guarantor under this Agreement, the Borrower shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the Person to whom such payment shall have been made to the extent of such payment and (b) in the event any assets of any Grantor shall be sold pursuant to this Agreement or any other Security Document to satisfy in whole or in part an obligation owed to any Secured Party, the Borrower shall indemnify such Grantor in an amount equal to the greater of the book value or the fair market value of the assets so sold. The provisions of this Section 2.06 shall in no respect limit the obligations and liabilities of any Guarantor or Grantor to the Administrative Agent and the Lenders, and each Guarantor or Grantor shall remain liable to the Administrative Agent and the Lenders for the full amount of the obligations of such Guarantor or Grantor hereunder. All right of a Guarantor or a Grantor pursuant to this Section 2.06 shall be subject to the terms and conditions of Section 2.08.

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SECTION 2.07. *Contribution and Subrogation.* Each Subsidiary Party hereby agrees that to the extent that a Subsidiary Party shall have paid more than its proportionate share of any payment made hereunder or a Subsidiary Party's assets were sold pursuant to this Agreement or any other Security Document to satisfy in whole or in part any obligation owed to any Secured Party, and such Subsidiary Party shall not have been fully indemnified by the Borrower as provided in Section 2.06, such Subsidiary Party shall be entitled to seek and receive contribution from and against any other Subsidiary Party hereunder which has not paid its proportionate share of such payment. Such proportionate share shall be an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as the case may be, in each case multiplied by a fraction of which the numerator shall be the net worth on the date hereof of the Subsidiary Party making such contribution and the denominator shall be the aggregate net worth of all the Subsidiary Parties on the date hereof (or, in the case of any Subsidiary Party becoming a party hereto pursuant to Section 7.14, the date of the supplement hereto executed and delivered by such Subsidiary Party). Each Subsidiary Party's right of contribution shall be subject to the terms and conditions of Section 2.08. Each Subsidiary Party making any payment pursuant to this Section 2.07 shall be subrogated to the rights of the other Subsidiary Party under Section 2.08 to the extent of such payment. The provisions of this Section 2.07 shall in no respect limit the obligations and liabilities of any Subsidiary Party to the Administrative Agent and the Lenders, and each Subsidiary Party shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Subsidiary Party hereunder.

SECTION 2.08. *No Subrogation.* Notwithstanding any payment made by the Guarantor hereunder or any set-off or application of funds of any Guarantor or Grantor by the Administrative Agent or any Lender, no Guarantor or Grantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Borrower or any other Guarantor or Grantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Obligations, nor shall any Guarantor or Grantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor or Grantor in respect of payments made by such Guarantor or Grantor hereunder, until all the Loans have been indefeasibly repaid in full, the Lenders have no further commitment to lend under the Credit Agreement and any other Obligations outstanding at such time have been indefeasibly paid in full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Loans have not been indefeasibly repaid in full, the Commitments have not terminated and any other Obligations outstanding at such time have not been indefeasibly paid in full, such amount shall be held by such Guarantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine. Notwithstanding any provision of this Agreement to the contrary, all rights of the Guarantors and Grantor under Section 2.05, 2.06, 2.07 and 2.08 and all other rights of indemnity, contribution or subrogation under the

applicable law or otherwise shall be fully subordinated to the indefeasible payment in full of the Obligations.

SECTION 2.09. *Information*. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each other Loan Party's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Collateral Agent or the other Secured Parties will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

ARTICLE III

Pledge of Securities

SECTION 3.01. *Pledge*. As security for the payment or performance, as the case may be, in full of the Secured Obligations, each Grantor hereby assigns and pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, a security interest in, all of such Grantor's right, title and interest in, to and under (a) subject to the NBA League Agreements, the shares of capital stock and other Equity Interests owned by it and listed on Schedule II and any other Equity Interests obtained in the future by such Grantor and the certificates representing all such Equity Interests (the "*Pledged Stock*"); (b)(i) the debt securities listed opposite the name of such Grantor on Schedule II, (ii) any debt securities in the future issued to such Grantor and (iii) the promissory notes and any other instruments evidencing such debt securities (the "*Pledged Debt Securities*"); (c) all other property that may be delivered to and held by the Collateral Agent pursuant to the terms of this Section 3.01; (d) subject to Section 3.06, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other Proceeds received in respect of, the securities referred to in clauses (a) and (b) above; (e) subject to Section 3.06, all rights and privileges of such Grantor with respect to the securities and other property referred to in clauses (a), (b), (c) and (d) above; and (f) all Proceeds of any of the foregoing (the items referred to in clauses (a) through (f) above being collectively referred to as the "*Pledged Collateral*"); provided, that the aggregate amount of Obligations secured by this Agreement and the other Loan Documents shall at no time exceed $100,000,000.

TO HAVE AND TO HOLD the Pledged Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, forever; *subject, however*, to the terms, covenants and conditions hereinafter set forth.

SECTION 3.02. *Delivery of the Pledged Collateral*. (a) Each Grantor agrees promptly to deliver or cause to be delivered to the Collateral Agent any and all certificates or instruments representing or evidencing Pledged Securities.

(b) Each Grantor will cause any Indebtedness for borrowed money owed to such Grantor by any Person that is evidenced by a duly executed promissory note to be pledged and delivered to the Collateral Agent pursuant to the terms hereof.

(c) Upon delivery to the Collateral Agent pursuant to clause (a) above, (i) any Pledged Securities shall be accompanied by stock powers duly executed in blank or other instruments of transfer satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request and (ii) all other property comprising part of the Pledged Collateral shall be accompanied by proper instruments of assignment duly executed by the applicable Grantor and such other instruments or documents as the Collateral Agent may reasonably request. Each delivery of Pledged Securities shall be accompanied by a schedule describing the securities, which schedule shall be attached hereto as Schedule II and made a part hereof; *provided* that failure to attach any such schedule hereto shall not affect the validity of such pledge of such Pledged Securities. Each schedule so delivered shall supplement any prior schedules so delivered.

SECTION 3.03. *Representations, Warranties and Covenants.* The Grantors jointly and severally represent, warrant and covenant to and with the Collateral Agent, for the benefit of the Secured Parties, that:

(a) As of the Effective Date, Schedule II correctly sets forth the percentage of the issued and outstanding units of each class of the Equity Interests of the issuer thereof represented by the Pledged Stock and includes all Equity Interests, debt securities and promissory notes required to be pledged hereunder in order to satisfy the Collateral and Guarantee Requirement;

(b) the Pledged Stock and Pledged Debt Securities issued by Loan Parties have been duly and validly authorized and issued by the issuers thereof and (i) in the case of Pledged Stock, are fully paid and nonassessable and (ii) in the case of Pledged Debt Securities, are legal, valid and binding obligations of the issuers thereof, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law);

(c) except for the security interests granted hereunder, each of the Grantors (i) is and, subject to any transfers made in compliance with the Credit Agreement, will continue to be the direct owner, beneficially and of record, of the Pledged Securities indicated on Schedule II as owned by such Grantor, (ii) holds the same free and clear of all Liens, other than Liens created by this Agreement, Permitted Encumbrances and transfers made in compliance with the Credit Agreement, (iii) will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other Lien on, the Pledged Collateral, other than Liens created by this Agreement, Permitted Encumbrances and transfers made in compliance with the Credit Agreement, and (iv) will defend its title or interest thereto or therein against any and all Liens (other than the Lien created by this Agreement and Permitted Encumbrances), however arising, of all Persons whomsoever;

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(d) except for restrictions and limitations imposed by the Loan Documents or securities laws generally and except for restrictions and limitations imposed pursuant to the NBA League Agreements, the Pledged Collateral is and will continue to be freely transferable and assignable, and none of the Pledged Collateral is or will be subject to any option, right of first refusal, shareholders agreement, charter or by-law provisions or contractual restriction of any nature that prohibits, impairs or delays the pledge of such Pledged Collateral hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder;

(e) each of the Grantors has the power and authority to pledge the Pledged Collateral pledged by it hereunder in the manner hereby done or contemplated;

(f) no material consent or approval of any Governmental Authority, any securities exchange or any other Person was or is necessary to the validity of the pledge effected hereby (other than such as have been obtained and are in full force and effect and filings necessary to perfect the Liens created by this Agreement);

(g) by virtue of the execution and delivery by the Grantors of this Agreement, when any Pledged Securities are delivered to the Collateral Agent in accordance with this Agreement, the Collateral Agent will obtain a legal, valid and perfected lien upon and security interest in such Pledged Securities as security (to the extent that a security interest may be perfected by such delivery) for the payment and performance of the Secured Obligations; and

(h) the pledge effected hereby is effective to vest in the Collateral Agent, for the benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral as set forth herein.

SECTION 3.04. *Certification of Limited Liability Company and Limited Partnership Interests.* (a) The Grantors acknowledge and agree that (i) each interest in any limited liability company or limited partnership Controlled by any Grantor, pledged hereunder and represented by a certificate, shall be a "security" within the meaning of Article 8 of the New York UCC and shall be governed by Article 8 of the New York UCC and (ii) each such interest shall at all times hereafter be represented by a certificate.

(b) The Grantors further acknowledge and agree that (i) each interest in any limited liability company or limited partnership Controlled by a Grantor, pledged hereunder and not represented by a certificate shall not be a "security" within the meaning of Article 8 of the New York UCC and shall not be governed by Article 8 of the New York UCC, and (ii) the Grantors shall at no time elect to treat any such interest as a "security" within the meaning of Article 8 of the New York UCC or issue any certificate representing such interest, unless the Grantor provides prior written notification to the Collateral Agent of such election and immediately delivers any such certificate to the Collateral Agent pursuant to the terms hereof.

SECTION 3.05. *Registration in Nominee Name; Denominations.* Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent,

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on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion) to hold the Pledged Securities in its own name as pledgee, the name of its nominee (as pledgee or as sub-agent) or the name of the applicable Grantor, endorsed or assigned in blank or in favor of the Collateral Agent. Each Grantor will promptly give to the Collateral Agent copies of any material notices or other material communications received by it with respect to Pledged Securities registered in the name of such Grantor. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall at all times have the right to exchange the certificates representing Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

SECTION 3.06. *Voting Rights; Dividends and Interest.* (a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent, shall have notified the Grantors that their rights under this Section 3.06 are being suspended:

(i) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Securities or any part thereof for any purpose consistent with the terms of this Agreement, the Credit Agreement and the other Loan Documents.

(ii) The Collateral Agent shall execute and deliver to each Grantor, or cause to be executed and delivered to such Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subparagraph (i) above.

(iii) Each Grantor shall be entitled to receive and retain and use, free and clear of the Lien of this Agreement any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Securities; *provided* that any noncash dividends, interest, principal or other distributions that would constitute Pledged Stock or Pledged Debt Securities, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by any Grantor, shall not be commingled by such Grantor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent and shall be forthwith delivered to the Collateral Agent in the same form as so received (with any necessary endorsement).

(b) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified the Grantors of the suspension of their rights under paragraph (a)(iii) of this Section 3.06, all cash dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Securities

shall be deposited by the relevant Grantor into either the Equity Contribution Account or the Reserve Account, and after either (x) all outstanding Loans shall have been declared due and payable, or (y) to the extent that the NBA Consent prohibits all Loans being declared due and payable, the Collateral Agent has exercised its rights or remedies permitted in lieu thereof under the NBA Consent, then, subject to the terms of the NBA Consent, all rights of any Grantor to dividends, interest, principal or other distributions that such Grantor is authorized to receive pursuant to paragraph (a)(iii) of this Section 3.06 shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by any Grantor contrary to the provisions of this Section 3.06 shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this paragraph (b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 5.02. After all Events of Default have been cured or waived and the Borrower has delivered to the Collateral Agent a certificate to that effect, the Collateral Agent shall, promptly repay to each Grantor (without interest) all dividends, interest, principal or other distributions that such Grantor would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) of this Section 3.06 and that remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default, if the Collateral Agent shall have notified the Grantors of the suspension of their rights under paragraph (a)(i) of this Section 3.06, then all rights of any Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section 3.06, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 3.06, shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; *provided* that, unless otherwise directed by the Required Secured Lenders, the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Grantors to exercise such rights. After all Events of Default are no longer continuing, the Collateral Agent shall no longer have such right and authority to exercise such voting and consensual rights and powers (unless and until a subsequent Event of Default shall have occurred and be continuing) and the Grantor shall be entitled to exercise the voting and/or other consensual rights and powers described in paragraph (a)(i) above.

(d) Any notice given by the Collateral Agent to the Grantors suspending their rights under paragraph (a) of this Section 3.06 (i) may be given by telephone if promptly confirmed in writing, (ii) may be given to one or more of the Grantors at the same or different times and (iii) may suspend the rights of the Grantors under paragraph (a)(i) or paragraph (a)(iii) in part without suspending all such rights (as specified by the

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Collateral Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Collateral Agent's rights to give additional notices from time to time suspending other rights so long as an Event of Default has occurred and is continuing.

ARTICLE IV

Security Interests in Personal Property

SECTION 4.01. *Security Interest.* (a) As security for the payment or performance, as the case may be, in full of the Secured Obligations, each Grantor hereby assigns and pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, a security interest (the "*Security Interest*") in, all right, title or interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "*Article 9 Collateral*"):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Deposit Accounts;

(iv) all Documents (other than title documents with respect to Vehicles);

(v) all Equipment;

(vi) all General Intangibles;

(vii) the Reserve Account;

(viii) the Equity Contribution Account;

(ix) the NBA Media Contracts and all revenues in respect thereof;

(x) the Local Media Contracts and all revenues in respect thereof;

(xi) the NBA League Agreements;

(xii) all Membership Rights;

(xiii) all Expansion Revenues;

(xiv) any Arena License;

(xv) all Employee Contracts;

(xvi) all Ticket Rights;

(xvii) all Operations Contracts;

(xviii) all Instruments;

(xix) all Inventory;

(xx) all Investment Property, including, but not limited to, any Investment Property that shall arise from any investment from time to time held in the Reserve Account or the Equity Contribution Account;

(xxi) all money market deposit accounts maintained with the Collateral Agent for the purpose of investing amounts deposited in the Reserve Account and Equity Contribution Account;

(xxii) all books and records pertaining to the Article 9 Collateral; and

(xxiii) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing.

provided, however, that (x) the aggregate amount of Obligations secured by this Agreement and the other Loan Documents shall at no time exceed $100,000,000; and (y) notwithstanding any of the other provisions set for in this Article IV, this Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest is prohibited by any material applicable laws or the NBA League Agreements, requires a consent not obtained of any material Governmental Authority pursuant to such laws or is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property or, in the case of any Investment Property or Pledged Collateral, any applicable shareholder or similar agreement, except in each case to the extent that such law or the term in such contract, license, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law; provided, further, that in each case consent is required in order to establish a Lien, pledge or any security interest in favor of the Collateral Agent, the Borrower will use commercially reasonable efforts to obtain such consents.

(b) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file in any relevant jurisdiction any initial financing statements (including fixture filings) with respect to the Article 9 Collateral or any part thereof and amendments thereto that (i) indicate the Collateral as all assets of such Grantor or words of similar effect as being of an equal or lesser scope or with greater detail, and (ii) contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment, including (a) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor and (b) in the case of a financing statement filed as a fixture filing or covering Article 9

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Collateral constituting minerals or the like to be extracted or timber to be cut, a sufficient description of the real property to which such Article 9 Collateral relates. Each Grantor agrees to provide such information to the Collateral Agent promptly upon request.

Each Grantor also ratifies its authorization for the Collateral Agent to file in any relevant jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

The Collateral Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party; provided that the Collateral Agent shall not file any documents contemplated by this paragraph to the extent that the appropriate Grantor has not signed a document granting a security interest in the Intellectual Property covered by such filing.

(c) The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Article 9 Collateral.

SECTION 4.02. *Representations and Warranties*. The Grantors jointly and severally represent and warrant to the Collateral Agent and the Secured Parties that:

(a) Each Grantor has good and valid rights in and title to the Article 9 Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Article 9 Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the material consent or approval of any other Person other than any consent or approval that has been obtained.

(b) The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein, including the exact legal name of each Grantor, is correct and complete in all material respects as of the Effective Date. The Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations prepared by the Collateral Agent based upon the information provided to the Collateral Agent in the Perfection Certificate for filing in each governmental, municipal or other office specified in Schedule 2 to the Perfection Certificate (or specified by notice from the Borrower to the Collateral Agent after the Effective Date in the case of filings, recordings or registrations required by Section 5.03 or 5.13 of the Credit Agreement), are all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Article 9 Collateral consisting of United States Patents, Trademarks and Copyrights) that are necessary to publish notice of and protect the validity of and to

establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements. A fully executed agreement in the form hereof (or, if acceptable to the Collateral Agent, a short form filing deemed appropriate by the Collateral Agent) and containing a description of all Article 9 Collateral consisting of United States Patents and United States registered Trademarks (and Trademarks for which United States registration applications are pending) and United States registered Copyrights has been delivered to the Collateral Agent for recording by the United States Patent and Trademark Office and the United States Copyright Office pursuant to 35 U.S.C. § 261, 15 U.S.C. § 1060 or 17 U.S.C. § 205 and the regulations thereunder, as applicable to perfect the security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral consisting of United States Patents, Trademarks and Copyrights in which a security interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary (other than such actions as are necessary to perfect the Security Interest with respect to any Article 9 Collateral consisting of Patents, Trademarks and Copyrights acquired or developed after the date hereof).

(c) The Security Interest constitutes (i) a legal and valid security interest in all the Article 9 Collateral securing the payment and performance of the Secured Obligations, (ii) subject to the filings described in Section 4.02(b), a perfected security interest in all Article 9 Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code and (iii) a security interest that shall be perfected in all Article 9 Collateral in which a security interest may be perfected upon the receipt and recording of this Agreement with the United States Patent and Trademark Office and the United States Copyright Office, as applicable pursuant to 35 U.S.C. § 261 or 15 U.S.C. § 1060 or pursuant to 17 U.S.C. § 205. The Security Interest is and shall be prior to any other Lien on any of the Article 9 Collateral, other than Permitted Encumbrances that have priority as a matter of law and Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement and subject to the provisions of the NBA Consent.

(d) The Article 9 Collateral is owned by the Grantors free and clear of any Lien, except for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement. None of the Grantors has filed or consented to the filing of (i) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Article 9 Collateral or (ii) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Article 9 Collateral with the United States Patent and Trademark Office or the United States Copyright Office except, in each case, for Liens expressly permitted pursuant to

Section 6.02 of the Credit Agreement. For the avoidance of doubt, it is understood and agreed that the Grantor may, as part of its business, grant licenses to third parties to use Intellectual Property owned or developed by a Grantor. For purposes of this Agreement and the other Loan Documents, such licensing activity shall not constitute a Lien on such Intellectual Property. Each of the Collateral Agent and each Secured Party understands that any such licenses may be exclusive to the applicable licensees, and such exclusivity provisions may limit the ability of the Collateral Agent to utilize, sell, lease or transfer the related Intellectual Property or otherwise realize value from such Intellectual Property pursuant hereto; *provided, however*, that none of the aforementioned third party Intellectual Property licenses shall be granted on any basis or in any manner (including, but not limited to, on an exclusive basis) that could adversely affect or materially limit the normal day-to-day operations of the New Jersey Nets.

SECTION 4.03. (a) [Intentionally Omitted.]

(b) Each Grantor agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Article 9 Collateral owned by it as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged, but in any event to include complete accounting records indicating all payments and proceeds received with respect to any part of the Article 9 Collateral, and, at such time or times as the Collateral Agent may reasonably request, promptly to prepare and deliver to the Collateral Agent a duly certified schedule or schedules in form and detail satisfactory to the Collateral Agent showing the identity, amount and location of any and all Article 9 Collateral.

(c) [Intentionally Omitted.]

(d) Each Grantor shall, at its own expense, take any and all actions necessary to defend title to the Article 9 Collateral against all Persons and to defend the Security Interest of the Collateral Agent in the Article 9 Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Credit Agreement.

(e) Each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith. If any amount payable under or in connection with any of the Article 9 Collateral in excess of $100,000 shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged and delivered to the Collateral Agent, duly endorsed in a manner satisfactory to the Collateral Agent.

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Without limiting the generality of the foregoing, each Grantor hereby authorizes the Collateral Agent, with prompt notice thereof to the Grantors, to supplement this Agreement by supplementing Schedule III or adding additional schedules hereto to specifically identify any asset or item that may constitute Copyrights, Licenses, Patents or Trademarks; *provided* that any Grantor shall have the right, exercisable within 10 days after it has been notified by the Collateral Agent of the specific identification of such Collateral, to advise the Collateral Agent in writing of any inaccuracy of the representations and warranties made by such Grantor hereunder with respect to such Collateral. Each Grantor agrees that it will use its best efforts to take such action as shall be necessary in order that all representations and warranties hereunder shall be true and correct with respect to such Collateral within 30 days after the date it has been notified by the Collateral Agent of the specific identification of such Collateral.

(f) The Collateral Agent and such Persons as the Collateral Agent may reasonably designate shall have the right, at the Grantors' own cost and expense, to inspect the Article 9 Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Article 9 Collateral is located (provided that any such inspections of premises shall occur at reasonable times and with reasonable advance notice and shall be limited to once per fiscal quarter unless an Event of Default shall have occurred and be continuing), to discuss the Grantors' affairs with the officers of the Grantors and their independent accountants and to verify under reasonable procedures, in accordance with Section 5.03 of the Credit Agreement, the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Article 9 Collateral, including, if an Event of Default shall have occurred and be continuing in the case of Accounts or Article 9 Collateral in the possession of any third person, by contacting Account Debtors or the third person possessing such Article 9 Collateral for the purpose of making such a verification. The Collateral Agent shall have the absolute right to share any information it gains from such inspection or verification with any Secured Party.

(g) At its option and after notice to the relevant Grantor, the Collateral Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Article 9 Collateral and not permitted pursuant to Section 6.02 of the Credit Agreement, and may pay for the maintenance and preservation of the Article 9 Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by the Collateral Agent pursuant to the foregoing authorization; *provided* that nothing in this paragraph shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

(h) Each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Article 9 Collateral, all in accordance with the

terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold harmless the Collateral Agent and the Secured Parties from and against any and all liability for such performance.

(i) None of the Grantors shall make or permit to be made an assignment, pledge or hypothecation of the Article 9 Collateral or shall grant any other Lien in respect of the Article 9 Collateral, except as permitted by the Credit Agreement. None of the Grantors shall make or permit to be made any transfer of the Article 9 Collateral and each Grantor shall remain at all times in possession of the Article 9 Collateral owned by it, except that unless and until the Collateral Agent shall notify the Grantors that an Event of Default shall have occurred and be continuing and either (i) all outstanding Loans shall have been declared due and payable, or (ii) to the extent that the NBA Consent prohibits all Loans being declared due and payable, the Collateral Agent has exercised its rights or remedies permitted in lieu thereof under the NBA Consent, the Grantors shall not sell, convey, lease, assign, transfer or otherwise dispose of any Article 9 Collateral (which notice may be given by telephone if promptly confirmed in writing), the Grantors may use and dispose of the Article 9 Collateral in any lawful manner not inconsistent with the provisions of this Agreement, the Credit Agreement or any other Loan Document. Notwithstanding the foregoing, assignments, pledges, hypothecations, Liens or licenses of Article 9 Collateral in the ordinary course of the Grantors' business consisting of Patents, Trademarks and Copyrights (other than such assignments, pledges, hypothecations, Liens or licenses, that if granted on any basis or in any manner (including, but not limited to an exclusive basis) that could adversely affect or materially limit the normal day-to-day operations of the New Jersey Nets), shall be permitted, except when an Event of Default shall have occurred and be continuing and either (i) all outstanding Loans shall have been declared due and payable, or (ii) to the extent that the NBA Consent prohibits all Loans being declared due and payable, the Collateral Agent has exercised its rights or remedies permitted in lieu thereof under the NBA Consent.

(j) None of the Grantors will, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any Accounts included in the Article 9 Collateral, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, compromises, settlements, releases, credits or discounts granted or made in the ordinary course of business and in accordance with such prudent and standard practice used in industries that are the same as or similar to those in which such Grantor is engaged.

(k) The Grantors, at their own expense, shall maintain or cause to be maintained insurance covering physical loss or damage to the Inventory and Equipment in accordance with the requirements of Section 5.07 of the Credit Agreement. Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Article 9 Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance

and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any material premium in whole or part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent deems advisable. All sums disbursed by the Collateral Agent in connection with this paragraph, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Collateral Agent and shall be additional Secured Obligations secured hereby.

SECTION 4.04. *Other Actions*. In order to further insure the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Security Interest, each Grantor agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Article 9 Collateral:

(a) *Instruments*. If any Grantor shall at any time hold or acquire any Instruments in excess of $100,000, such Grantor shall forthwith endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time reasonably request.

(b) *Deposit Accounts*. For each deposit account that any Grantor at any time opens or maintains, such Grantor shall, if requested by the Collateral Agent at the direction of the Required Secured Lenders upon the occurrence and during the continuance of an Event of Default and either (i) all outstanding Loans shall have been declared due and payable, or (ii) to the extent that the NBA Consent prohibits all Loans being declared due and payable, the Collateral Agent has exercised its rights or remedies permitted in lieu thereof under the NBA Consent, and the delivery of notice by the Collateral Agent that it intends to exercise its remedies hereunder against such deposit account, either (i) cause the depositary bank to agree to comply with instructions from the Collateral Agent to such depositary bank directing the disposition of funds from time to time credited to such deposit account, without further consent of such Grantor or any other Person, pursuant to an agreement reasonably satisfactory to the Collateral Agent, or (ii) arrange for the Collateral Agent to become the customer of the depositary bank with respect to the deposit account, with the Grantor being permitted, only with the consent of the Collateral Agent, to exercise rights to withdraw funds from such deposit account. The Collateral Agent agrees with each Grantor that the Collateral Agent shall not give any such instructions or withhold any withdrawal rights from any Grantor unless (x) an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal would occur and (y) either (i) all outstanding Loans shall have been declared due and payable, or (ii) to the extent that the NBA Consent prohibits all Loans being declared due and payable, the Collateral Agent has exercised its rights or remedies permitted in lieu thereof under the NBA Consent. The provisions of this paragraph shall not apply to (A) the Reserve Account or the Equity Contribution Account or (B) any deposit account for which any Grantor, the depositary bank and the Collateral Agent have entered into a

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cash collateral agreement specially negotiated among such Grantor, the depositary bank and the Collateral Agent for the specific purpose set forth therein and (C) deposit accounts for which the Collateral Agent is the depositary.

(c) *Investment Property*. Except to the extent otherwise provided in Article III, if any Grantor shall at any time hold or acquire any certificated securities representing (i) an Equity Interest of any NBA Entity (subject to the terms of the NBA League Agreement) or any Subsidiary of the Borrower, in each case owned by such Grantor or (ii) any Indebtedness for borrowed money having a principal amount in excess of $100,000 and that is required to be pledged hereunder (other than Permitted Investments), the Grantor shall forthwith collaterally assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time specify; provided, that any promissory note or other instrument shall be returned to such Grantor upon request by the Grantor in conjunction with the repayment in full of the indebtedness evidenced thereby. If any securities now or hereafter acquired by such Grantor (i) are uncertificated, (ii) are issued to the Grantor or its nominee directly by the issuer thereof, (iii) have a value in excess of $100,000 and (iv) are not Permitted Investments or Equity Interests in NBA Entities, such Grantor shall promptly notify the Collateral Agent thereof and, upon the Collateral Agent's request, at the Grantor's option, either (a) cause the issuer (subject to the terms of the NBA League Agreements) to agree to comply with instructions from the Collateral Agent as to such securities, without further consent of the Grantor or such nominee, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, (b) arrange for the Collateral Agent to become the registered owner of the securities or (c) cause any Person that has previously been a registered owner of the securities to acknowledge, in accordance with Section 8-301(b)(2) of the New York UCC, that it holds such securities for the Collateral Agent, in each case in a manner reasonably satisfactory to the Collateral Agent. If any securities, whether certificated or uncertificated, or other investment property (in each case other than Permitted Investments) with a value in excess of $100,000 and required to be pledged hereunder whether now or hereafter acquired by a Grantor are held by such Grantor or its nominee through a securities intermediary, the Grantor shall promptly notify the Collateral Agent thereof and, upon the Collateral Agent's request, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, at the Grantor's option, either (i) cause such securities intermediary to agree to comply with entitlement orders or other instructions from the Collateral Agent to such securities intermediary as to such securities or other investment property, in each case without further consent of the Grantor or such nominee, or (ii) in the case of Financial Assets or other Investment Property held through a securities intermediary, arrange for the Collateral Agent to become the entitlement holder with respect to such investment property, with the Grantor being permitted, only with the consent of the Collateral Agent, to exercise rights to withdraw or otherwise deal with such investment property. The Collateral Agent agrees with the Grantor that the Collateral Agent shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by the Grantor, unless an Event of Default has occurred and is continuing and the Collateral Agent has delivered notice that it intends to exercise its

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remedies hereunder with respect to such property. The provisions of this paragraph shall not apply to any Financial Assets credited to a securities account for which the Collateral Agent is the securities intermediary.

SECTION 4.05. *Covenants Regarding Patents, Trademarks and Copyrights*. (a) Each Grantor agrees that it will not, take any action or omit to take any action (and will exercise commercially reasonable efforts to prevent its licensees from taking any action or omitting to take any action) whereby any Patent that is material to the conduct of such Grantor's business may become invalidated or dedicated to the public, and agrees that it shall continue, to the same extent and degree as it did before entering into the Credit Agreement, to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws.

(b) Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Grantor's business, (i) maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) continue, to the same extent and degree as it did before entering into the Credit Agreement, to display such Trademark with notice of Federal or foreign registration to the extent necessary and sufficient to establish and preserve its maximum rights under applicable law and (iii) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

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

(d) Each Grantor shall notify the Collateral Agent promptly if it knows or has reason to know that any Patent, Trademark or Copyright material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any materially adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, United States Copyright Office or any court or similar office of any country, but not including routine office actions issued in the ordinary course by the United States Patent and Trademark Office, United States Copyright Office or any court or similar office of any country unless such office action would constitute a final determination of such Grantor's rights in such Patent, Trademark or Copyright) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or its right to keep and maintain the same.

(e) Promptly upon any Grantor, either itself or through any agent, employee, licensee or designee, filing an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political

subdivision thereof, such Grantor shall inform the Collateral Agent, and, upon request of the Collateral Agent, execute and deliver any and all agreements, instruments, documents and papers as the Collateral Agent may reasonably request to evidence the Collateral Agent's security interest in such Patent, Trademark or Copyright.

(f) Each Grantor will take all necessary steps consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, to maintain and pursue each application relating to the Patents, Trademarks and/or Copyrights material to the conduct of such Grantor's business (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of such Grantor's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition and cancellation proceedings against third parties.

(g) In the event that any Grantor has reason to believe that any Article 9 Collateral consisting of a Patent, Trademark or Copyright material to the conduct of any Grantor's business has been or is about to be infringed, misappropriated or diluted by a third party, such Grantor promptly shall notify the Collateral Agent and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Article 9 Collateral.

(h) Upon and during the continuance of an Event of Default, each Grantor shall use its best efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to which such Grantor is a licensee to effect the assignment of all such Grantor's right, title and interest thereunder to the Collateral Agent or its designee.

SECTION 4.06. *Reserve Account; Equity Contribution Account.* (a) The Borrower has established, for the benefit of the Secured Parties, the Reserve Account into which cash deposits in respect of the Interest Reserve Amount and the Operating Loss Reserve Amount shall be deposited in accordance with Section 5.14 of the Credit Agreement. The Reserve Account is, and shall remain, under the control of the Collateral Agent.

(b) The Borrower has established, for the benefit of the Secured Parties, the Equity Contribution Account, into which cash proceeds of equity contributions to the Borrower will be deposited in accordance with Section 5.15 of the Credit Agreement. The Equity Contribution Account is, and shall remain, under the control of the Collateral Agent.

(c) Whenever any amount of principal or interest on any Loans, or any other amounts owed by the Borrower are due and payable under the Credit Agreement,

unless such principal, interest or other amount is paid when due by the Borrower, the Collateral Agent is entitled to take any and all actions or exercise any and all remedies permitted under Section 5.14(e) of the Credit Agreement.

(d) Whenever any amount of interest on any Loans is due and payable and insufficient funds exist in the Reserve Account and Equity Contribution Account of the Borrower to make payment of such interest in full, unless such interest is paid when due by the Borrower, the Revolving Lenders are entitled to take any and all actions or exercise any and all remedies as permitted under Section 5.14(f) of the Credit Agreement

(e) The Collateral Agent shall, at the direction of the Borrower and at the Borrower's sole risk and expense, invest any deposits held in the Reserve Account or the Equity Contribution Account in Permitted Investments as determined by the Borrower in its sole discretion. In the absence of any written direction from the Borrower, the Collateral Agent shall invest deposits held in the Reserve Account and the Equity Contribution Account in a money market deposit account administered by, and maintained with and in the name of, the Collateral Agent. Any profits or other amounts earned on such Permitted Investments shall be for the account of the Borrower, and shall, in the absence of an Event of Default, be distributed to the Borrower upon request. The Collateral Agent shall, and is hereby authorized and directed by the Borrower to, liquidate any such investments to provide cash funds as and when required, after application of all other cash in such accounts, to make any principal, interest or other payments required under the Credit Agreement or to effect any distribution of funds to or at the request of the Borrower permitted under this Agreement and the Credit Agreement.

(f) Unless (i) an Event of Default shall have occurred and be continuing, (ii) either (x) all outstanding Loans shall have been declared due and payable, or (y) to the extent that the NBA Consent prohibits all Loans being declared due and payable, the Collateral Agent has exercised its rights or remedies permitted in lieu thereof under the NBA Consent, and (iii) the Collateral Agent has elected to exercise remedies under Article V hereof in connection therewith, amounts deposited in the Reserve Account and the Equity Contribution Account shall be released from time to time to the Borrower upon request in accordance with the provisions of Section 5.14 and 5.15 of the Credit Agreement for the purposes contemplated thereby; *provided, however*, that amounts in the Interest Reserve Subaccount shall be applied solely to the payment of interest on the Loans and other Obligations.

ARTICLE V

Remedies

SECTION 5.01. *Remedies upon Default.* Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times (but subject in each case to the terms of the NBA Consent

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(including, without limitation, paragraph C. 4 thereof)): (i) with respect to any Article 9 Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Article 9 Collateral by the applicable Grantors to the Collateral Agent, or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any such Article 9 Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained), (ii) with or without legal process and with or without prior notice or demand for performance, to take possession of the Article 9 Collateral and without liability for trespass to enter any premises where the Article 9 Collateral may be located for the purpose of taking possession of or removing the Article 9 Collateral and, generally, to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other applicable law and (iii) in connection with the Reserve Account and the Equity Contribution Account, to require that payments or withdrawals from such accounts be made only with the consent or at the direction of the Collateral Agent for application in accordance with Section 5.02 below. Without limiting the generality of the foregoing, each Grantor agrees that the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral at a public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale of securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any sale of Collateral shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the applicable Grantors at least 10 days' written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-611 of the New York UCC or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral , or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such

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Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Agreement, any Secured Party may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Section 5.01 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the New York UCC or its equivalent in other jurisdictions.

SECTION 5.02. *Application of Proceeds.* The Collateral Agent shall, after the occurrence and during the continuance of an Event of Default, apply the proceeds of any collection or sale of Collateral pursuant to this Agreement, including any Collateral consisting of cash, as follows (but subject to the terms of the NBA Consent):

FIRST, to the payment of all costs and expenses incurred by the Collateral Agent solely and directly in connection with such collection or sale or otherwise in connection with this Agreement, any other Security Document or any of the Secured Obligations, including all court costs and the fees and expenses of its agents and legal counsel, and any other costs or expenses incurred solely and directly in connection with the exercise of any right or remedy hereunder or under any other Security Document; and

SECOND, to the payment in full of the Secured Obligations (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with

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the amounts of the Secured Obligations owed to them on the date of any such distribution); and

THIRD, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 5.03. *Grant of License to Use Intellectual Property.* For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Agreement at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, but subject to the terms of the NBA Consent, each Grantor hereby grants to the Collateral Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, license or sublicense any of the Article 9 Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent may be exercised, at the option of the Collateral Agent, only upon the occurrence and during the continuation of an Event of Default..

SECTION 5.04. *Securities Act.* In view of the position of the Grantors in relation to the Pledged Collateral, or because of other current or future circumstances, a question may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "*Federal Securities Laws*") with respect to any disposition of the Pledged Collateral permitted hereunder. Each Grantor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Pledged Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Pledged Collateral under applicable Blue Sky or other state securities laws or similar laws analogous in purpose or effect. Each Grantor recognizes that in light of such restrictions and limitations the Collateral Agent may, with respect to any sale of the Pledged Collateral, limit the purchasers to those who will agree, among other things, to acquire such Pledged Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that in light of such

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restrictions and limitations, the Collateral Agent, in its reasonable discretion (a) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Collateral or part thereof shall have been filed under the Federal Securities Laws and (b) may approach and negotiate with a single potential purchaser to effect such sale. Each Grantor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Collateral Agent shall incur no responsibility or liability for selling all or any part of the Pledged Collateral at a price that the Collateral Agent, in its reasonable discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this Section 5.04 will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Collateral Agent sells.

ARTICLE VI

[*Intentionally Omitted.*]

ARTICLE VII

Miscellaneous

SECTION 7.01. *Notices.* All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 10.01 of the Credit Agreement. All communications and notices hereunder to any Subsidiary Party shall be given to it in care of the Borrower as provided in Section 10.01 of the Credit Agreement.

SECTION 7.02. *Waivers; Amendment.* (a) No failure or delay by the Collateral Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent, the Secured Parties and the other Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 7.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Collateral Agent or any Lender may have had notice or knowledge of such Default at the time. No notice or demand on any Loan Party in any case shall entitle any Loan Party to any other or further notice or demand in similar or other circumstances.

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(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Loan Party or Loan Parties with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 10.02 of the Credit Agreement.

SECTION 7.03. *Collateral Agent's Fees and Expenses; Indemnification.* (a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its expenses incurred hereunder as provided in Section 10.03 of the Credit Agreement.

(b) Without limitation of its indemnification obligations under the other Loan Documents, each Grantor and each Guarantor jointly and severally agrees to indemnify the Collateral Agent and the other Secured Parties against, and hold each Secured Party harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Secured Party, incurred by or asserted against any Indemnitee solely and directly in connection with this Agreement or any claim, litigation, investigation or proceeding relating solely and directly to the Collateral, whether or not any Secured Party is a party thereto; *provided* that such indemnity shall not, as to any Secured Party, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from (x) the gross negligence or wilful misconduct of such Indemnitee, (y) disputes solely among the Lenders and their assignees or (z) breaches by a Lender, the Administrative Agent or the Collateral Agent of its obligations under the Loan Documents; and provided, further, that such indemnity shall not be available to the extent such losses, claims, damages, liabilities or related expenses (including any fees, charges or disbursements of any counsel for any Secured Party) relate to the Tranche B Obligations.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 7.03 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 7.03 shall be payable on written demand therefor.

SECTION 7.04. *Successors and Assigns.* Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Guarantor, Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

SECTION 7.05. *Survival of Agreement.* All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant

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to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the execution and delivery of the Loan Documents and the making of any Loans, regardless of any investigation made by any Lender or on its behalf and notwithstanding that the Collateral Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended under the Credit Agreement, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under any Loan Document is outstanding and unpaid and so long as the Commitments have not expired or terminated.

SECTION 7.06. *Counterparts; Effectiveness; Several Agreement.* This Agreement may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute single contract. 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. This Agreement shall become effective as to any Loan Party when a counterpart hereof executed on behalf of such Loan Party shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Loan Party and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of such Loan Party, the Collateral Agent and the Secured Parties, the other Lenders and their respective successors and assigns, except that no Loan Party shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement or the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each Loan Party and may be amended, modified, supplemented, waived or released with respect to any Loan Party without the approval of any other Loan Party and without affecting the obligations of any other Loan Party hereunder.

SECTION 7.07. *Severability.* Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7.08. *Right of Set-Off.* If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Subsidiary Party against any of and all the obligations of such Subsidiary Party now or hereafter existing under this agreement owed to or held by such Lender, irrespective of whether or not such Lender shall have made any demand under

this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section 7.08 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have. Each Lender agrees promptly to notify the Borrower and the Administrative Agent of any such set-off and application made by such Lender

SECTION 7.09. *Governing Law; Jurisdiction; Consent to Service of Process*. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of the Loan Parties hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Collateral Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Grantor or Guarantor or its properties in the courts of any jurisdiction.

(c) Each of the Loan Parties hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, 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 other Loan Document in any court referred to in paragraph (b) of this Section 7.09. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.01 hereof. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 7.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY

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OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.10.

SECTION 7.11. *Headings.* Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 7.12. *Security Interest Absolute.* All rights of the Collateral Agent hereunder, the Security Interest, the grant of a security interest in the Pledged Collateral and all obligations of each Grantor and Guarantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor or Guarantor in respect of the Obligations or this Agreement other than the defense of payment or performance.

SECTION 7.13. *Termination or Release.* (a) Articles III, IV and V and Sections 7.03 and 7.08 of this Agreement, the Security Interest and all other security interests granted hereby shall terminate when all the Tranche A Term Loans, Tranche C Term Loans and Revolving Loans have been indefeasibly repaid in full in cash and the Secured Lenders have no further commitment to lend under the Credit Agreement. This Agreement and the Guarantees made herein shall terminate when all Loans have been indefeasibly repaid in full in cash, the Lenders have no further commitment to lend under the Credit Agreement and any other Loan Document Obligations outstanding at such time have been indefeasibly paid in full.

(b) A Subsidiary Party shall automatically be released from its obligations hereunder and the Security Interest in the Collateral of such Subsidiary Party shall be automatically released upon the consummation of any transaction permitted by the Credit Agreement as a result of which such Subsidiary Party ceases to be a Subsidiary of the Borrower; *provided* that the Required Lenders shall have consented to such transaction (to the extent required by the Credit Agreement) and the terms of such consent did not provide otherwise.

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(c) Upon any sale or other transfer by any Grantor of any Collateral that is permitted under the Credit Agreement, or upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to Section 10.02 of the Credit Agreement, the security interest in such Collateral shall be automatically released.

(d) In connection with any termination or release pursuant to paragraph (a), (b) or (c), the Collateral Agent shall execute and deliver to any Grantor, at such Grantor's expense, all documents that such Grantor shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section 7.13 shall be without recourse to or warranty by the Collateral Agent.

SECTION 7.14. *Additional Subsidiaries*. Pursuant to Section 5.12 of the Credit Agreement, each Subsidiary of a Loan Party that was not in existence or not a Subsidiary on the date of the Credit Agreement is required to enter in this Agreement as a Subsidiary Party upon becoming such a Subsidiary. Upon execution and delivery by the Collateral Agent and a Subsidiary of an instrument in the form of Exhibit I hereto, such Subsidiary shall become a Subsidiary Party hereunder with the same force and effect as if originally named as a Subsidiary Party herein. The execution and delivery of any such instrument shall not require the consent of any other Loan Party hereunder. The rights and obligations of each Loan Party hereunder shall remain in full force and effect notwithstanding the addition of any new Loan Party as a party to this Agreement.

SECTION 7.15. *Collateral Agent Appointed Attorney-in-Fact*. Each Grantor hereby appoints the Collateral Agent the attorney-in-fact of such Grantor upon the occurrence and continuance of an Event of Default for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral 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 Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, subject to the NBA Consent and the NBA League Agreements, with full power of substitution either in the Collateral Agent's name or in the name of such Grantor (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (d) to send verifications of Accounts to any Account Debtor; (e) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (g) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent; and (h) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for

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all purposes; *provided* that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or wilful misconduct.

SECTION 7.16. *NBA Consent.* Notwithstanding any of the other provisions of this Agreement or of any other Loan Document, it is acknowledged and agreed that (a) each of the provisions of this Agreement and the other Loan Documents shall be subject to the terms of the NBA Consent, the terms, conditions and provisions of which each of the Grantor, the Collateral Agent and each Secured Party has accepted as reasonable and appropriate, (b) neither Collateral Agent nor any other Secured Party shall exercise, enforce or attempt to exercise or enforce any of its rights or remedies under this Agreement or any other Loan Document except in accordance with, and subject to, the terms of the NBA Consent, and (c) in the event of any conflict between the terms of the NBA Consent, on the one hand, and the terms of this Agreement or of any other Loan Document, on the other hand, the terms of the NBA Consent will control. Each Secured Party and each other Lender shall be deemed irrevocably to authorize the Collateral Agent to execute, deliver and perform on its behalf the NBA Consent and all amendments, modifications, extensions, waivers and other acts in connection with the NBA Consent.

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

NEW JERSEY BASKETBALL, LLC,

by

Name:
Title:

BROOKLYN BASKETBALL, LLC,

by

Name:
Title:

JPMORGAN CHASE BANK, AS
COLLATERAL AGENT,

by

Name:
Title:

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

NEW JERSEY BASKETBALL, LLC,

by

_____
Name:
Title:

BROOKLYN BASKETBALL, LLC,

by

_____
Name:
Title:

JPMORGAN CHASE BANK, AS
COLLATERAL AGENT,

by

_____
Name:
Title: ANTHONY WILKENS, VP

Schedule I to the
Collateral Agreement

SUBSIDIARY PARTIES

None.

Schedule II to the
Collateral Agreement

EQUITY INTERESTS

Issuer	Number of Certificate	Registered Owner	Number and Class of Equity Interest	Percentage of Equity Interests
NBA Properties, Inc.		New Jersey Basketball, LLC	10 shares of common stock	1/29th
Viatel Holding (Bermuda) Limited	0180	New Jersey Basketball, LLC	415 shares	
Viatel Holding (Bermuda) Limited	1050	New Jersey Basketball, LLC	33 shares	

DEBT SECURITIES

Issuer	Principal Amount	Date of Note	Maturity Date
None.			

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Schedule III to the
Collateral Agreement

U.S. COPYRIGHTS OWNED BY NEW JERSEY BASKETBALL, LLC

No copyrights are owned.

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Schedule III to the
Collateral Agreement

U.S. COPYRIGHTS OWNED BY BROOKLYN BASKETBALL, LLC

No copyrights are owned.

Schedule III to the
Collateral Agreement

LICENSES

I. Licenses/Sublicensees of New Jersey Basketball, LLC as Licensor on Date Hereof

A. Copyrights

U.S. Copyrights

Licensee Name and Address	Date of License/ Sublicense	Title of U.S. Copyright	Author	Reg. No.
None.				

Non-U.S. Copyrights

Country	Licensee Name and Address	Date of License/ Sublicensee	Title of Non-U.S. Copyrights	Author	Reg. No.
None.					

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Schedule III to the
Collateral Agreement

B. Patents

U.S. Patents

Licensee Name and Address	Date of License/ Sublicense	Issue Date	Patent No.
None.			

U.S. Patent Applications

Licensee Name and address	Date of License/ Sublicense	Date Filed	Application No.
None.			

Non-U.S. Patents

Country	Licensee Name and Address	Date of License/ Sublicense	Issue Date	Non-U.S. Patent No.
None.				

Non-U.S. Patent Applications

Country	Licensee Name and Address	Date of License/ Sublicense	Date Filed	Application No.
None.				

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Schedule III to the
Collateral Agreement

C. Trademarks

U.S. Trademarks

Licensee Name and Address	Date of License/ Sublicense	Subject Matter
NBA Properties, Inc., Two Penn Plaza, New York, NY	9/15/1976	Rights to license and use the Nets' names, emblems, insignia, symbols, designs, colors, and other identifying marks per License Agreement, as amended.
Gatorade 321 N. Clark Street, Chicago, Illinois 60601	2/23/1999	Use of the Nets' name, trade names, trademarks, and logos in connection with advertising per Sponsorship Agreement.
First USA, Three Christina Centre, 201 North Walnut Street, Wilmington, Delaware 19801	9/27/1999	Use of Nets' name, trademarks, servicemarks, copyrights and logo per Affinity Group Bankcard Agreement.
Foot Locker, a Division of Venator Group Retail Inc., 112 W. 34th Street, New York, NY 10120	6/27/2001	Use of Nets' name, tradenames, trademarks, and logos as part of Company advertising per Sponsorship Agreement.
The Coca-Cola Company, Coca-Cola Enterprises Inc. d/b/a The Coca-Cola Bottling Company of New York, Inc., 1 Coca-Cola Plaza, Atlanta, Georgia 30313	8/2/2002	Use of any Nets' trademark, trade name, service mark, logo, symbol, slogan, or other proprietary design for purposes of promotion per Sponsorship Agreement.
Yankees Entertainment and Sports Network, LLC, 45 Rockefeller Plaza, New York, NY 10111	10/1/2002	Use of Nets' names, symbols, seals, emblems, logos, insignia, trademarks, tradenames, service marks and trade styles to the extent necessary to exercise television rights per Media Rights License Agreement.
Cushman Wakefield, 51 W. 52nd St., New York, NY	8/5/2003	Use of "The Official Business Real Estate Firm of the New Jersey Nets" in advertising and promotion per Confirmation Agreement.
Hackensack University Medical Center, 30 Prospect Ave., Hackensack, NJ 07601	9/5/2003	Use of "The Official Hospital of the New Jersey Nets" in advertising and promotion per Confirmation Agreement.
SportCare Institute Inc., 106 Naylan Avenue, Livingston, NJ 07039	9/24/2003	Use of "SportsCare Night with the Nets" in advertising and promotion per Confirmation Agreement.
Lincoln, Crossroads Corporate Center, 1 International Blvd., Ste. 1110, Mahwah, NJ 07495	10/2/2003	Use of "Lincoln Travel to a Nets Game" in advertising and promotion per Confirmation Agreement.
Sharp Electronics, Sharp Plaza, Mahwah, NJ 07430-2135	10/3/2003	Use of "Sharp Sports Fantasy" in advertising and promotion per

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Schedule III to the
Collateral Agreement

Licensee Name and Address	Date of License/ Sublicense	Subject Matter
		Confirmation Agreement.
Nestle USA, Inc., 800 North Brand Blvd., Glendale, CA 91203	10/27/2003	Use of Nets' team name and logo in connection with marketing, advertising, and promotion per Sponsorship Agreement as amended.
ConocoPhillips Company, 600 N. Dairy Ashford, Houston, Texas 77079	12/11/2003	Use of Nets' name and logo for advertising, marketing, and promotion per Sponsorship Agreement.

U.S. Trademark Applications

Licensee Name and Address	Date of License/ Sublicense	U.S. Mark	Date Filed	Application No.
None.				

Non-U.S. Trademarks

Country	Licensee Name and Address	Date of License/ Sublicense	Non-U.S. Mark	Reg. Date	Reg. No.
None.					

Non-U.S. Trademark Applications

Country	Licensee Name and Address	Date of License/ Sublicense	Non-U.S. Mark	Date Filed	Application No.
None.					

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Schedule III to the
Collateral Agreement

D. Others

Licensee Name and Address	Date of License/ Sublicense	Subject Matter
WFAN	TBD.	Right to broadcast Nets' games via radio transmission per Radio Broadcast Agreement.
Yankees Entertainment and Sports Network, LLC, 45 Rockefeller Plaza, New York, NY 10111	10/1/2002	Right to exploit television opportunities per Media Rights License Agreement, as amended.
Yankees Entertainment and Sports Network, LLC, 45 Rockefeller Plaza, New York, NY 10111	9/25/2001	Right to exploit Nets' games via radio per Radio Rights Letter Agreement.

II. Licenses/Sublicensees of Brooklyn Basketball, LLC as Licensor on Date Hereof

None.

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Schedule III to the
Collateral Agreement

III. Licensees/Sublicenses of New Jersey Basketball, LLC as Licensee on Date Hereof

A. Copyrights

U.S. Copyrights

Licensor Name and Address	Date of License/ Sublicense	Title of U.S. Copyright	Author	Reg. No.
None.				

Non-U.S. Copyrights

Country	Licensor Name and Address	Date of License/ Sublicensee	Title of Non-U.S. Copyrights	Author	Reg. No.
None.					

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Schedule III to the
Collateral Agreement

B. Patents

U.S. Patents

Licensor Name and Address	Date of License/ Sublicense	Issue Date	Patent No.
None.			

U.S. Patent Applications

Licensor Name and Address	Date of License/ Sublicense	Date Filed	Application No.
None.			

Non-U.S. Patents

Country	Licensor Name and Address	Date of License/ Sublicense	Issue Date	Non-U.S. Patent No.
None.				

Non-U.S. Patent Applications

Country	Licensor Name and Address	Date of License/ Sublicense	Date Filed	Application No.
None.				

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Schedule III to the
Collateral Agreement

C. Trademarks

U.S. Trademarks

Licensor Name and Address	Date of License/ Sublicense	Subject Matter
Dodge, 100 Chrysler Dr. East, Auburn Hills, MI 48326	9/6/2002	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
Continental Airlines, Inc., 1600 Smith Street, 17th Floor, Houston, Texas 77002	9/16/2002	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
McDonald's Owners Operated Association, Incorporated, 96 East Main Street, Little Falls, NJ 07424	10/1/2002	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
Group III Design, 1350 Broadway, Suite 310, New York, NY 10018	10/1/2003	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
Cypress Advertising & Promotion, acting as authorized agency for Cambridge, 3001 Warren Expressway Drive North, Islandia, NY 11749	10/11/2002	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
Cypress Advertising & Promotion, acting as authorized agency for Southfork, 3001 Warren Expressway Drive North, Islandia, NY 11749	10/11/2002	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
Pepsi Cola Bottling Company, 2 Empire Blvd., Moonachie, NJ 07074	10/22/2003	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
Modell's II, Inc., 498 Seventh Avenue, 20th Floor, New York, NY 10018	10/22/2002	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
NJ Lottery, PO Box 041, Trenton, New Jersey 08625-0041	8/8/2003	Use of Company tradenames, trademarks, logos, copyrights, and other proprietary rights per Confirmation Agreement.
ConocoPhillips Company, 600 N. Dairy Ashford, Houston, Texas 77079	12/11/2003	Use of Mobil Oil trademark for marketing and promotion per Confirmation Agreement.

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Schedule III to the
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U.S. Trademark Applications

Licensor Name and Address	Date of License/ Sublicense	U.S. Mark	Date Filed	Application No.
None.				

Non-U.S. Trademarks

Country	Licensor Name and Address	Date of License/ Sublicense	Non-U.S. Mark	Reg. Date	Reg. No.
None.					

Non-U.S. Trademark Applications

Country	Licensor Name and Address	Date of License/ Sublicense	Non-U.S. Mark	Date Filed	Application No.
None.					

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D. Others

Licensor Name and Address	Date of License/ Sublicense	Subject Matter
Ticketmaster LLC, 555 West 57th Street, 14th Floor, New York, NY 10019	8/15/2000	Use of hardware and software per Licensed User Agreement, as amended.

IV. Licensees/Sublicenses of Brooklyn Basketball, LLC as Licensee on Date Hereof

None.

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PATENTS OWNED BY NEW JERSEY BASKETBALL, LLC

No patents are owned.

Exhibit I to the
Collateral Agreement

SUPPLEMENT NO. __ dated as of , to the Guarantee and Collateral Agreement dated as of August 16, 2004, among New Jersey Basketball, LLC, (the "*Borrower*"), Brooklyn Basketball, LLC, ("*Holdings*"), each subsidiary of the Borrower listed on Schedule I thereto (each such subsidiary individually a "*Subsidiary Guarantor*" and collectively, the "*Subsidiary Guarantors*"; the Subsidiary Guarantors, Holdings and the Borrower are referred to collectively herein as the "*Grantors*") and JPMORGAN CHASE BANK, a New York banking corporation ("*JPMCB*"), as Collateral Agent (in such capacity, the "*Collateral Agent*").

A. Reference is made to the Credit Agreement dated as of August 16, 2004 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Borrower, Holdings, the lenders from time to time party thereto and, JPMCB, as Administrative Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Collateral Agreement referred to therein.

C. The Grantors have entered into the Collateral Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Section 7.14 of Collateral Agreement provides that additional Subsidiaries of the Borrower may become Subsidiary Parties under the Collateral Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "*New Subsidiary*") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Party under the Collateral Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Subsidiary agree as follows:

SECTION 1. In accordance with Section 7.14 of the Collateral Agreement, the New Subsidiary by its signature below becomes a Subsidiary Party (and accordingly, becomes a Guarantor and a Grantor), Grantor and Guarantor under the Collateral Agreement with the same force and effect as if originally named therein as a Subsidiary Party and the New Subsidiary hereby (a) agrees to all the terms and provisions of the Collateral Agreement applicable to it as a Subsidiary Party, Grantor and Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor and Guarantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, the New Subsidiary, as security for the payment and performance in full of the Secured Obligations (as defined in the Collateral

Agreement), does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of the New Subsidiary's right, title and interest in and to the Collateral (as defined in the Collateral Agreement) of the New Subsidiary. Each reference to a "Guarantor" or "Grantor" in the Collateral Agreement shall be deemed to include the New Subsidiary. The Collateral Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary represents and warrants to the Collateral Agent and the other Secured Parties 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.

SECTION 3. 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 contract. This Supplement shall become effective when the Collateral Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary and the Collateral Agent has executed a counterpart hereof. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Subsidiary hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of the location of any and all Collateral of the New Subsidiary and (b) set forth under its signature hereto, is the true and correct legal name of the New Subsidiary, its jurisdiction of formation and the location of its chief executive office.

SECTION 5. Except as expressly supplemented hereby, the Collateral Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Collateral Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 7.01 of the Collateral Agreement.

SECTION 9. The New Subsidiary agrees to reimburse the Collateral 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 Collateral Agent.

SECTION 10. Notwithstanding any of the other provisions of this Agreement or of any other Loan Document, it is acknowledged and agreed that (a) each of the provisions of this Agreement and the other Loan Documents shall be subject to the terms of the NBA Consent, the terms, conditions and provisions of which each of the New Subsidiary, the Grantor, the Collateral Agent and each Secured Party has accepted as reasonable and appropriate, (b) neither Collateral Agent nor any other Secured Party shall exercise, enforce or attempt to exercise or enforce any of its rights or remedies under this Agreement or any other Loan Document except in accordance with, and subject to, the terms of the NBA Consent, and (c) in the event of any conflict between the terms of the NBA Consent, on the one hand, and the terms of this Agreement or of any other Loan Document, on the other hand, the terms of the NBA Consent will control. Each Secured Party and each other Lender shall be deemed irrevocably to authorize the Collateral Agent to execute, deliver and perform on its behalf the NBA Consent and all amendments, modifications, extensions, waivers and other acts in connection with the NBA Consent.

IN WITNESS WHEREOF, the New Subsidiary and the Collateral Agent have duly executed this Supplement to the Collateral Agreement as of the day and year first above written.

[NAME OF NEW SUBSIDIARY],

by

_____

Name:
Title:

Legal Name:
Jurisdiction of Formation:
Location of Chief Executive office:

JPMORGAN CHASE BANK,
AS COLLATERAL AGENT

by

_____

Name:
Title:

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Schedule I
to the Supplement No __ to the
Collateral Agreement

LOCATION OF COLLATERAL

Description	Location

EQUITY INTERESTS

Issuer	Number of Certificate	Registered Owner	Number and Class of Equity Interests	Percentage of Equity Interests

DEBT SECURITIES

Issuer	Principal Amount	Date of Note	Maturity Date

INTELLECTUAL PROPERTY

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