

FROM

Form PTO-1594 (Rev. 03/05)
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09-06-2005

S. DEPARTMENT OF COMMERCE
States Patent and Trademark Office

9/6/05



102996852

To the Director of the U. S. Patent & Trademark Office or the new address(es) below.

1. Name of conveying party(ies):
IC MEDIA CORPORATION

- Individual(s)
- General Partnership
- Corporation- State: CALIFORNIA
- Association
- Limited Partnership

Other

Citizenship (see guidelines)

Additional names of conveying parties attached? Yes No

3. Nature of conveyance)/Execution Date(s) :

Execution Date(s): May 31, 2005

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: THE BANK OF NEW YORK

Internal

Address:

Street Address: 101 Barclay Street, 8W

City: New York

State: NY

Country: US

Zip: 10286

- Association
- General Partnership
- Limited Partnership

Citizenship

Citizenship

Citizenship

- Corporation
- Other

Citizenship: SWITZERLAND

Citizenship

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

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

A. Trademark Application No.(s)

78/480,479 78/480,497
78/480,486 78/480,501
78/480,489
78/480,493

B. Trademark Registration No.(s)

Additional sheet(s) attached? Yes No

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

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

Name: Elizabeth J. Burns

Internal Address: LATHAM & WATKINS LLP

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City: Chicago

State: IL

Zip: 60606

Phone Number: (312) 876-7629

Fax Number: (312) 993-9767

Email Address: elizabeth.burns@lw.com

6. Total number of applications and registrations involved:

6

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

\$ 165.00

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

8. Payment Information:

a. Credit Card

Last 4 Numbers:

Expiration Date:

b. Deposit Account Number:

Authorized User Name:

00000037 78480479 120.00 DP

9. Signature:

Elizabeth J. Burns
Signature

September 2, 2005

Date

Elizabeth J. Burns
Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 68

09/08/2005 DBYRNE 00000036

01 FC:8521
02 FC:8522

Documents to be recorded (including cover sheet) should be faxed to (703) 308-5995, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

SECURITY AGREEMENT

By

MAGNACHIP SEMICONDUCTOR FINANCE COMPANY

as an Issuer

and

THE GUARANTORS PARTY HERETO

and

THE BANK OF NEW YORK,

as Trustee

Dated as of December 23, 2004

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SECURITY AGREEMENT

SECURITY AGREEMENT dated as of December 23, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, the "Agreement") made by MAGNACHIP SEMICONDUCTOR FINANCE COMPANY, a Delaware (the "MagnaChip Finance") and THE GUARANTORS LISTED ON THE SIGNATURE PAGES HERETO (the "Original U.S. Guarantors") OR FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT (the "Additional Guarantors," and together with the "Original U.S. Guarantors," the "Guarantors"), as pledgors, assignors and debtors (MagnaChip Finance, together with the Guarantors, in such capacities and together with any successors in such capacities, the "Pledgors," and each, a "Pledgor"), in favor of THE BANK OF NEW YORK, in its capacity as trustee pursuant to the Indenture (as hereinafter defined), as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Trustee").

RECITALS:

A. MagnaChip Semiconductor, S.A., a *société anonyme*, organized and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 10, rue de Vianden, L-2680 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of commerce and companies under the number B 97,483 ("MagnaChip Luxembourg"), MagnaChip Finance (and together with MagnaChip Luxembourg, collectively, the "Issuers"), the Trustee and the Collateral Trustee have, in connection with the execution and delivery of this Agreement, entered into that certain Indenture, dated as of December 23, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Indenture").

B. Pursuant to the terms of the Indenture the Issuers have issued (i) their 6 7/8% Second Priority Senior Secured Notes due 2011 (and together with any registered notes issued in exchange for, and as contemplated by, such notes with substantially identical terms as such notes, the "Senior Secured Fixed Rate Notes") and (ii) their Floating Rate Second Priority Senior Secured Notes due 2011 (and together with any registered notes issued in exchange for, and as contemplated by, such notes with substantially identical terms as such notes, the "Senior Secured Floating Rate Notes"), and together with the Senior Secured Fixed Rate Notes, the "Senior Secured Notes").

C. Each Original U.S. Guarantor has, pursuant to the Indenture and together with certain other guarantors signatory to the Indenture (the "Original Non-U.S. Guarantors"), among other things, unconditionally guaranteed the obligations of MagnaChip Finance under the Indenture and the other Senior Secured Note Documents (as hereinafter defined).

C. MagnaChip Finance and each Original U.S. Guarantor will receive substantial benefits from the execution, delivery and performance of the obligations under the Indenture and the other Senior Secured Note Documents and each is, therefore, willing to enter into this Agreement.

D. Each Pledgor is or, as to Pledged Collateral (as hereinafter defined) acquired by such Pledgor after the date hereof will be, the legal and/or beneficial owner of the Pledged Collateral pledged by it hereunder.

E. This Agreement is given by each Pledgor in favor of the Trustee for the benefit of the Secured Parties (as hereinafter defined) to secure the payment and performance of all of the Secured Obligations (as hereinafter defined).

AGREEMENT:

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Pledgor and the Trustee hereby agree as follows:

ARTICLE I.

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions.

(a) Unless otherwise defined herein, terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC.

(b) Capitalized terms used but not otherwise defined herein that are defined in the Indenture shall have the meanings given to them in the Indenture.

(c) The following terms shall have the following meanings:

"Acquisition Document Rights" shall mean, with respect to each Pledgor, collectively, all of such Pledgor's rights, title and interest in, to and under the Acquisition Documents including, without limitation (i) all rights and remedies relating to monetary damages, including indemnification rights and remedies, and claims for damages or other relief pursuant to or in respect of the Acquisition Documents, (ii) all rights and remedies relating to monetary damages, including indemnification rights and remedies, and claims for monetary damages under or in respect of the agreements, documents and instruments referred to in the Acquisition Documents or related thereto and (iii) all proceeds, collections, recoveries and rights of subrogation with respect to the foregoing.

"Acquisition Documents" shall mean that certain Business Transfer Agreement dated as of June 12, 2004, as amended, between Hynix Semiconductor, Inc., a corporation organized under the Laws of the Republic of Korea, and MagnaChip Semiconductor Ltd. (formerly known as System Semiconductor Ltd.), a company organized as *yuhan hoesa* under the Laws of the Republic of Korea, together with any and all documents, agreements and other instruments then or at any time thereafter executed and/or delivered in connection therewith or related thereto in each case as amended, amended and restated, supplemented, extended, renewed, replaced or otherwise modified from time to time.

"Additional Guarantors" shall have the meaning assigned to such term in the Preamble hereof.

"Agreement" shall have the meaning assigned to such in the Preamble hereof.

"Claims" shall mean any and all property taxes and other taxes, assessments and special assessments, levies, fees and all governmental charges imposed upon or assessed against, and all claims (including, without limitation, landlords', carriers', mechanics', workmen's, repairmen's, laborers', materialmen's, suppliers' and warehousemen's Liens and other claims arising by operation of law) against, all or any portion of the Pledged Collateral.

"Collateral Account" shall mean a collateral account or sub-account established and maintained by the Trustee in its name as Trustee for the Secured Parties and all funds from time to time on deposit in the Collateral Account including, without limitation, all Cash Equivalents and all certificates and instruments from time to time representing or evidencing such investments; all notes, certificates of deposit, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Trustee for or on behalf of any Pledgor in substitution for, or in addition to, any or all of the Pledged Collateral; and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the items constituting Pledged Collateral.

"Contested Liens" shall mean, collectively, any Liens incurred in respect of any Claims to the extent that the amounts owing in respect thereof are not yet delinquent or are being contested and otherwise comply with the provisions of Section 4.12 hereof; provided, however, that such Liens shall in all respects be subject and subordinate in priority to the Lien and security interest created and evidenced by this Agreement, except if and to the extent that the law or regulation creating, permitting or authorizing such Lien provides that such Lien must be superior to the Lien and security interest created and evidenced hereby.

"Contracts" shall mean, collectively, with respect to each Pledgor, all sale, service, performance, equipment or property lease contracts, agreements and grants and all other contracts, agreements or grants (in each case, whether written or oral, or third party or intercompany), between such Pledgor and third parties, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

"Control" shall mean (i) in the case of each Deposit Account, "control," as such term is defined in Section 9-104 of the UCC, (ii) in the case of any Security Entitlement, "control," as such term is defined in Section 8-106 of the UCC and (iii) in the case of any Commodity Contract, "control," as such term is defined in Section 9-106 of the UCC.

"Control Agreements" shall mean, collectively, the Deposit Account Control Agreements and the Securities Account Control Agreements.

"Copyrights" shall mean, collectively, with respect to each Pledgor, all copyrights (whether statutory or common law, whether established or registered in the United States or any other country or any political subdivision thereof whether registered or unregistered and whether published or unpublished) and all copyright registrations and applications made by such Pledgor,

in each case, whether now owned or hereafter created or acquired by or assigned to such Pledgor, including, without limitation, the copyrights, registrations and applications listed in Schedule 13(b) annexed to the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor's use of such copyrights, (ii) reissues, renewals, continuations and extensions thereof, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

"Credit Agreement Agent" has the meaning ascribed to such term in the Indenture.

"Deposit Account Control Agreement" shall mean an agreement providing for Control by the Trustee over one or more Deposit Accounts, provided that the terms and conditions of such agreement relating to the liabilities and other obligations, if any, of the Trustee thereunder, and the the rights, privileges, protections, immunities and benefits in favor of the Trustee thereunder, shall be in form and substance satisfactory to the Trustee in all respects.

"Deposit Accounts" shall mean, collectively, with respect to each Pledgor, (i) all "deposit accounts" as such term is defined in the UCC and in any event shall include, without limitation, the Collateral Account and all accounts and sub-accounts relating to any of the foregoing accounts and (ii) all cash, funds, checks, notes and instruments from time to time on deposit in any of the accounts or sub-accounts described in clause (i) of this definition.

"Distributions" shall mean, collectively, with respect to each Pledgor, all cash or Cash Equivalent dividends, distributions, returns of capital or principal, income, interest, profits and other proceeds, from time to time received, receivable or otherwise distributed to such Pledgor in respect of or in exchange for any or all of the Intercompany Loan Documents.

"Excluded Property" shall mean Special Property other than the following:

(a) the right to receive any payment of money (including, without limitation, Accounts, General Intangibles and Payment Intangibles) or any other rights referred to in Sections 9-406(f), 9-407(a) or 9-408(a) of the UCC; and

(b) any Proceeds, substitutions or replacements of any Special Property (unless such Proceeds, substitutions or replacements would constitute Special Property).

"General Intangibles" shall mean, collectively, with respect to each Pledgor, all "general intangibles," as such term is defined in the UCC, of such Pledgor and, in any event, shall include, without limitation, (i) all of such Pledgor's rights, title and interest in, to and under all insurance policies and Contracts, (ii) all know-how and warranties relating to any of the Pledged Collateral or the Mortgaged Property, (iii) any and all other rights, claims, choses-in-action and causes of action of such Pledgor against any other Person and the benefits of any and all collateral or other security given by any other Person in connection therewith, (iv) all guarantees, endorsements and indemnifications on, or of, any of the Pledged Collateral or any of

the Mortgaged Property, (v) all lists, books, records, correspondence, ledgers, print-outs, files (whether in printed form or stored electronically), tapes and other papers or materials containing information relating to any of the Pledged Collateral or any of the Mortgaged Property, including, without limitation, all customer or tenant lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, appraisals, recorded knowledge, surveys, studies, engineering reports, test reports, manuals, standards, processing standards, performance standards, catalogs, research data, computer and automatic machinery software and programs and the like, field repair data, accounting information pertaining to such Pledgor's operations or any of the Pledged Collateral or any of the Mortgaged Property and all media in which or on which any of the information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data, (vi) all licenses, consents, permits, variances, certifications, authorizations and approvals, however characterized, of any Governmental Authority (or any Person acting on behalf of a Governmental Authority) now or hereafter acquired or held by such Pledgor pertaining to operations now or hereafter conducted by such Pledgor or any of the Pledged Collateral or any of the Mortgaged Property including, without limitation, building permits, certificates of occupancy, environmental certificates, industrial permits or licenses and certificates of operation and (vii) all rights to reserves, deferred payments, deposits, refunds, indemnification of claims to the extent the foregoing relate to any Pledged Collateral or Mortgaged Property and claims for tax or other refunds against any Governmental Authority relating to any Pledged Collateral or any of the Mortgaged Property.

"Goodwill" shall mean, collectively, with respect to each Pledgor, the goodwill connected with such Pledgor's business including, without limitation, (i) all goodwill connected with the use of and symbolized by any of the Intellectual Property Collateral in which such Pledgor has any interest, (ii) all know-how, trade secrets, customer and supplier lists, proprietary information, inventions, methods, procedures, formulae, descriptions, compositions, technical data, drawings, specifications, name plates, catalogs, confidential information and the right to limit the use or disclosure thereof by any Person, pricing and cost information, business and marketing plans and proposals, consulting agreements, engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Pledgor's business.

"Governmental Authority" shall mean any Federal, state, local, foreign or other governmental, quasi-governmental or administrative (including self-regulatory) body, instrumentality, department, agency, authority, board, bureau, commission, office of any nature whatsoever or other subdivision thereof, or any court, tribunal, administrative hearing body, arbitration panel or other similar dispute-resolving body, whether now or hereafter in existence, or any officer or official thereof, having jurisdiction over any Pledgor or the Pledged Collateral or the Mortgaged Property or any portion thereof.

"Guarantors" shall have the meaning assigned to such term in the Preamble hereof.

"Holders" shall have the meaning assigned to such term in Recital A hereof.

"Holdings" means MagnaChip Semiconductor LLC, a Delaware limited liability company.

"Indemnitees" shall have the meaning assigned to such term in Section 11.3(b) hereof.

"Indenture" shall have the meaning assigned to such term in Recital A hereof.

"Instruments" shall mean, collectively, with respect to each Pledgor, all "instruments," as such term is defined in Article 9 of the UCC and shall include, without limitation, all promissory notes, drafts, bills of exchange or acceptances.

"Intellectual Property Collateral" shall mean, collectively, the Patents, Trademarks, Copyrights, Licenses and Goodwill.

"Intercompany Loan Documents" shall mean each of the intercompany loan agreements existing as of the date hereof (after giving effect to the repayments thereof contemplated in connection with the issuance of the Senior Secured Notes) and listed in Schedule 11 annexed to the Perfection Certificate and each other intercompany loan agreement, note or other instrument evidencing, or governing the terms of, any extension of credit by any Pledgor to Holdings or any of its Subsidiaries, including, without limitation all certificates, instruments or agreements evidencing such intercompany obligations, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof to the extent permitted pursuant to the terms hereof.

"Intercreditor Agreement" shall mean the Intercreditor Agreement dated as of the date hereof by and among the Trustee, the Collateral Trustee, the Credit Agreement Agent, the Issuers and the other Pledgors (as defined therein).

"Issuer" shall have the meaning assigned to such term in the Preamble hereof.

"Investment Property" shall mean a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract or commodity account, excluding, however, the Securities Collateral.

"Joinder Agreement" shall mean an agreement substantially in the form annexed hereto as Exhibit 2.

"Licenses" shall mean, collectively, with respect to each Pledgor, all license and distribution agreements with, and covenants not to sue, any other party with respect to any Patent, Trademark or Copyright or any other patent, trademark or copyright, whether such Pledgor is a licensor or licensee, distributor or distributee under any such license or distribution agreement, including, without limitation, the license and distribution agreements listed in Schedules 13(a)(i), 13(a)(ii) and 13(b) annexed to the Perfection Certificate, together with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements or violations thereof, (iii) rights to sue for past, present and future infringements or violations thereof and (iv) other rights to use, exploit or practice any or all of the Patents, Trademarks or Copyrights or any other patent, trademark or copyright.

"MagnaChip" shall have the meaning assigned to such in the Recitals hereof.

"Mortgaged Property" shall have the meaning assigned to such term in the Mortgages.

"Mortgages" means any mortgage, deed of trust, deed to secured debt, leasehold mortgage, leasehold deed of trust, collateral lease assignment or other instrument, agreement or document executed by any of the Pledgors granting a lien on or security interest in any interest of a Pledgor in any real property, whether owned or leased.

"Patents" shall mean, collectively, with respect to each Pledgor, all patents issued or assigned to and all patent applications and registrations made by such Pledgor (whether established or registered or recorded in the United States or any other country or any political subdivision thereof), including, without limitation, those listed in Schedules 13(a)(i), 13(a)(ii) and 13(b) annexed to the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor's use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

"Perfection Certificate" shall mean that certain perfection certificate dated as of the date hereof, executed and delivered by each Pledgor in favor of the Trustee for the benefit of the Secured Parties, and each other Perfection Certificate executed and delivered by the applicable Guarantor in favor of the Trustee for the benefit of the Secured Parties contemporaneously with the execution and delivery of each Joinder Agreement executed in accordance with Section 3.4 hereof, in each case, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the Indenture.

"Permitted Collateral Liens" shall have the meaning assigned to such term in Section 4.2 hereof.

"Pledge Amendment" shall have the meaning assigned to such term in Section 5.1 hereof.

"Pledged Collateral" shall have the meaning assigned to such term in Section 2.1 hereof.

"Pledgor" shall have the meaning assigned to such term in the Preamble hereof.

"Prior Liens" shall mean, collectively, the Liens identified in Schedule 1.1(b) annexed hereto relating to the items of Pledged Collateral identified in such Schedule, including, without limitation any liens in favor of the Credit Agreement Agent or otherwise securing obligations under or with respect to the Senior Credit Agreement.

"Requirements of Law" shall mean, collectively, any and all requirements of any Governmental Authority including, without limitation, any and all laws, ordinances, rules, regulations or similar statutes or case law.

"Secured Obligations" shall mean all obligations (whether or not constituting future advances, obligatory or otherwise) of MagnaChip Finance and any and all of the Pledgors from time to time arising under or in respect of this Agreement, the Indenture, the Senior Secured Notes and the other Senior Secured Note Documents (including, without limitation, the obligations to pay principal, interest and all other charges, fees, expenses, commissions, reimbursements, premiums, indemnities and other payments related to or in respect of the obligations contained in this Agreement, the Indenture the Senior Secured Notes and the other Senior Secured Note Documents), in each case whether (A) such obligations are direct or indirect, secured or unsecured, joint or several, absolute or contingent, reduced to judgment or not, liquidated or unliquidated, disputed or undisputed, legal or equitable, due or to become due whether at stated maturity, by acceleration or otherwise, (B) arising in the regular course of business or otherwise, (C) for payment or performance and/or (D) now existing or hereafter arising (including, without limitation, interest and other obligations arising or accruing after the commencement of any bankruptcy, insolvency, reorganization or similar proceeding with respect to any Pledgor or any other Person, or which would have arisen or accrued but for the commencement of such proceeding, even if such obligation or the claim therefor is not enforceable or allowable in such proceeding).

"Secured Parties" shall mean, collectively, the Trustee, its successors and assigns.

"Securities Account Control Agreement" shall mean an agreement providing for Control by the Trustee over one or more Securities Accounts, provided that the terms and conditions of such agreement relating to the liabilities and other obligations, if any, of the Trustee thereunder, and the the rights, privileges, protections, immunities and benefits in favor of the Trustee thereunder, shall be in form and substance satisfactory to the Trustee in all respects.

"Securities Collateral" shall mean, collectively, the Intercompany Loan Documents and the Distributions.

"Senior Credit Agreement" has the meaning ascribed to such term in the Indenture.

"Senior Secured Notes" shall have the meaning assigned to such term in the Preamble hereof.

"Senior Secured Note Documents" shall mean this Agreement, the Indenture, the Senior Secured Notes, and any other document, instrument or agreement executed by any Pledgor pursuant to the requirements hereof or thereof.

"Special Property" shall mean:

- (a) any permit, lease, license, contract or other agreement held by any Pledgor that validly prohibits the creation by such Pledgor of a security interest therein;

(b) any permit, lease, license, contract or other agreement held by any Pledgor to the extent that any Requirement of Law applicable thereto prohibits the creation of a security interest therein;

(c) Equipment owned by any Pledgor on the date hereof or hereafter acquired that is subject to a Lien securing a purchase money obligation or Capital Lease Obligation permitted to be incurred pursuant to the provisions of the Indenture if the contract or other agreement in which such Lien is granted (or the documentation providing for such purchase money obligation or Capital Lease Obligation) validly prohibits the creation of any other Lien on such Equipment; and

(d) all "securities" including membership interests, convertible preferred equity certificates, preferred equity certificates, units of contribution, stock, shares, and the like of the Issuers and any of the Issuers "affiliates" (as the terms "securities" and "affiliates" are used in Rule 3-16 of Regulation S-X of The Securities Act of 1933, as amended);

provided, however, that in each case described in clauses (a), (b) and (c) of this definition, such property shall constitute "Special Property" only to the extent and for so long as such permit, lease, license, contract or other agreement or Requirement of Law applicable thereto, validly prohibits the creation of a Lien on such property in favor of the Trustee and, upon the termination of such prohibition (howsoever occurring), such property shall cease to constitute "Special Property."

"Trademarks" shall mean, collectively, with respect to each Pledgor, all trademarks (including service marks), slogans, logos, certification marks, trade dress, uniform resource locations (URL's), ~~domain names, corporate names and trade names, whether registered~~ or unregistered, owned by or assigned to such Pledgor and all registrations and applications for the foregoing (whether statutory or common law and whether established or registered in the United States or any other country or any political subdivision thereof), including, without limitation, the registrations and applications listed in Schedules 13(a)(i) and 13(a)(ii) annexed to the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor's use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof.

"Trustee" shall have the meaning assigned to such term in the Preamble hereof.

"UCC" shall mean the Uniform Commercial Code as in effect on the date hereof in the State of New York; provided, however, that if by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Trustee's and the Secured Parties' security interest in any item or portion of the Pledged Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect on the date hereof in such other

jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions relating to such provisions.

Section 1.2 Interpretation. The rules of interpretation specified in the Indenture shall be applicable to this Agreement. If any conflict or inconsistency exists between this Agreement and the Indenture, the Indenture shall govern.

Section 1.3 Resolution of Drafting Ambiguities. Each Pledgor acknowledges and agrees that it was represented by counsel in connection with the execution and delivery hereof, and that it and its counsel reviewed and participated in the preparation and negotiation hereof.

Section 1.4 Perfection Certificate. The Trustee and each Secured Party agree that the Perfection Certificate and all descriptions of Pledged Collateral, schedules, amendments and supplements thereto are and shall at all times remain a part of this Agreement.

ARTICLE II.

GRANT OF SECURITY AND SECURED OBLIGATIONS

Section 2.1 Pledge. As collateral security for the payment and performance in full of all the Secured Obligations, each Pledgor hereby pledges and grants to the Trustee for its benefit and for the benefit of the Secured Parties, a lien on and security interest in and to all of the right, title and interest of such Pledgor in, to and under all personal property and interests in property, wherever located, whether now existing or hereafter arising or acquired from time to time (collectively, the "Pledged Collateral"), including, without limitation:

- (i) all Accounts;
- (ii) all Equipment, Goods, Inventory and Fixtures;
- (iii) all Documents, Instruments and Chattel Paper;
- (iv) all Letters of Credit and Letter-of-Credit Rights;
- (v) all Securities Collateral;
- (vi) all Collateral Accounts;
- (vii) all Investment Property;
- (viii) all Intellectual Property Collateral;
- (ix) the Commercial Tort Claims described on Schedule 14 annexed to the Perfection Certificate;
- (x) all General Intangibles;
- (xi) all Deposit Accounts;

- (xii) all Acquisition Documents and Acquisition Document Rights;
- (xiii) all Supporting Obligations;
- (xiv) all books and records relating to the Pledged Collateral; and
- (xv) to the extent not covered by clauses (i) through (xiii) of this sentence, all other personal property of such Pledgor, whether tangible or intangible and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to such Pledgor from time to time with respect to any of the foregoing.

Notwithstanding anything to the contrary contained in clauses (i) through (xiv) above, the security interest created by this Agreement shall not extend to, and the term "Pledged Collateral" shall not include, any Excluded Property and (i) when information regarding the Special Property is required to be provided pursuant to the terms and conditions of the Indenture, the Pledgors shall concurrently provide such information to the Trustee and (ii) from and after the Loans, no Pledgor shall permit to become effective in any document creating, governing or providing for any permit, lease or license, a provision that would prohibit the creation of a Lien on such permit, lease or license in favor of the Trustee unless such Pledgor believes, in its reasonable judgment, that such prohibition is usual and customary in transactions of such type.

Section 2.2 . . . Secured Obligations. This Agreement secures, and the Pledged Collateral is collateral security for, the payment and performance in full when due of the Secured Obligations.

Section 2.3 Security Interest. (a) Each Pledgor hereby irrevocably covenants and agrees to authenticate and file in any relevant jurisdiction any initial financing statements (including fixture filings) and amendments thereto that 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 relating to the Pledged Collateral, including, without limitation, (i) whether such Pledgor is an organization, the type of organization and any organizational identification number issued to such Pledgor, (ii) any financing or continuation statements or other documents without the signature of such Pledgor where permitted by law, including, without limitation, the filing of a financing statement describing the Pledged Collateral as "all assets in which the Pledgor now owns or hereafter acquires rights" and (iii) in the case of a financing statement filed as a fixture filing or covering Pledged Collateral constituting minerals or the like to be extracted or timber to be cut, a sufficient description of the real property to which such Pledged Collateral relates. Each Pledgor agrees to provide all information described in the immediately preceding sentence to the Trustee promptly upon request.

(b) Each Pledgor hereby ratifies its authorization for the Trustee to file in any relevant jurisdiction any initial financing statements or amendments thereto relating to the Pledged Collateral if filed prior to the date hereof.

(c) Each Pledgor hereby further authorizes the Trustee to file filings with the United States Patent and Trademark Office and United States Copyright Office (or any successor office or any similar office in any other country) or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Pledgor hereunder, without the signature of such Pledgor, and naming such Pledgor, as debtor, and the Trustee, as secured party, to the extent such filings do not pertain to Excluded Property.

ARTICLE III.

PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF PLEDGED COLLATERAL

Section 3.1 Delivery of Certificated Securities Collateral. Each Pledgor represents and warrants that all certificates, agreements or instruments representing or evidencing the Securities Collateral in existence on the date hereof have been delivered to the Trustee or the Credit Agreement Agent in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank and that the Trustee has a perfected first priority security interest therein. Each Pledgor hereby agrees that all certificates, agreements or instruments representing or evidencing Securities Collateral acquired by such Pledgor after the date hereof, shall immediately upon receipt thereof by such Pledgor be delivered to and held by or on behalf of the Trustee pursuant hereto or the Credit Agreement Agent pursuant to the requirements of the Senior Credit Agreement. All certificated Securities Collateral shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank. The Trustee shall have the right (in accordance with Sections 11.1(v) and 11.1(vi)), at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Trustee or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest hereunder. In addition, the Trustee shall have the right in accordance with Sections 11.1(v) and 11.1(vi) at any time to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations.

Section 3.2 Financing Statements and Other Filings; Maintenance of Perfected Security Interest. Each Pledgor represents and warrants that the only filings, registrations and recordings necessary and appropriate to create, preserve, protect, publish notice of and perfect the security interest granted by each Pledgor to the Trustee (for the benefit of the Secured Parties) pursuant to this Agreement in respect of the Pledged Collateral are listed in Schedule 7 annexed to the Perfection Certificate. Each Pledgor represents and warrants that all such filings, registrations and recordings have been delivered to the Trustee in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office specified in Schedule 7 annexed to the Perfection Certificate and shall be filed, registered and recorded immediately after the date thereof. Each Pledgor agrees that at the sole cost and expense of the Pledgors, (i) such Pledgor will maintain the security interest created by this Agreement in the Pledged Collateral as a perfected first priority security interest, subject to Permitted Collateral Liens, and shall defend such security interest against the claims

and demands of all Persons, (ii) such Pledgor shall furnish to the Trustee from time to time statements and schedules further identifying and describing the Pledged Collateral and such other reports in connection with the Pledged Collateral as the Trustee may reasonably request, all in reasonable detail and (iii) at any time and from time to time, upon the written request of the Trustee, such Pledgor shall promptly and duly execute and deliver, and file and have recorded, such further instruments and documents and take such further action as is reasonably necessary for the purpose of obtaining or preserving the full benefits of this Agreement and the rights and powers herein granted, including the filing of any financing statements, continuation statements and other documents (including the Agreement) under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interest created hereby and the execution and delivery of Control Agreements, all in form reasonably satisfactory to the Trustee and in such offices (including, without limitation, the United States Patent and Trademark Office) wherever required by law to perfect, continue and maintain a valid, enforceable, first priority security interest in the Pledged Collateral as provided herein and to preserve the other rights and interests granted to the Trustee hereunder, as against third parties, with respect to the Pledged Collateral. Each Pledgor hereby authorizes the Trustee to file any such financing or continuation statement or other document without the signature of such Pledgor where permitted by law.

Section 3.3 Other Actions. In order to further insure the attachment, perfection and priority of, and the ability of the Trustee to enforce, the Trustee's security interest in the Pledged Collateral, each Pledgor represents, warrants and agrees, in each case at such Pledgor's own expense, with respect to the following Pledged Collateral that:

(a) Instruments and Tangible Chattel Paper. As of the date hereof (i) no amount individually or in the aggregate in excess of \$500,000 payable under or in connection with any of the Pledged Collateral is evidenced by any Instrument or Tangible Chattel Paper other than such Instruments and Tangible Chattel Paper listed in Schedule 11 annexed to the Perfection Certificate and (ii) each Instrument and each item of Tangible Chattel Paper listed in Schedule 11 annexed to the Perfection Certificate has been properly endorsed, assigned and delivered to the Trustee or the Credit Agreement Agent, accompanied by instruments of transfer or assignment duly executed in blank. If any amount individually or in the aggregate in excess of \$500,000 payable under or in connection with any of the Pledged Collateral shall be evidenced by any Instrument or Tangible Chattel Paper, the Pledgor acquiring such Instrument or Tangible Chattel Paper shall forthwith endorse, assign and deliver the same to the Trustee or the Credit Agreement Agent, accompanied by appropriate instruments of transfer or assignment duly executed in blank.

(b) Deposit Accounts. As of the date hereof it has neither opened nor maintains any Deposit Accounts other than the accounts listed in Schedule 15 annexed to the Perfection Certificate. No Pledgor shall hereafter establish and maintain any Deposit Account unless (1) the applicable Pledgor shall have given the Trustee 30 days' prior written notice of its intention to establish such new Deposit Account with a Bank and, (2) such Bank and such Pledgor shall have duly executed and delivered to the Trustee a Deposit Account Control Agreement, and (3) the Trustee shall have received an Opinion of Counsel (conforming to the terms of the Indenture) to the effect that such Deposit Account Control Agreement perfects the security interest of the Trustee herein granted in such Deposit Account. Each Pledgor agrees that

at the time it establishes any additional Deposit Accounts it shall enter into a duly authorized, executed and delivered Deposit Account Control Agreement with respect to such Deposit Account. The Trustee is irrevocably authorized and directed, promptly after receipt of each Deposit Account Control Agreement executed by a Pledgor and a Bank, to execute and deliver a copy of the same to each of such Pledgor and such Bank. The Trustee agrees with each Pledgor that the Trustee shall not give any instructions directing the disposition of funds from time to time credited to any Deposit Account unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal, an Event of Default would occur. No Pledgor shall grant Control of any Deposit Account to any Person other than the Trustee and the Credit Agreement Agent. Each Pledgor agrees (i) to use its commercially reasonable efforts to obtain Deposit Account Agreements with respect to the Deposit Accounts listed in Schedule 15 annexed to the Perfection Certificate as soon as practicable after the date hereof, and (ii) in the event that it shall not have so obtained any such Deposit Account Control Agreement within 5 Business Days after the date hereof, it shall notify the holders of the Senior Secured Notes within 5 Business Days thereof (and in the event that any such Pledgor shall have failed to give any such notice, the Trustee is authorized (but not obligated) to give notice thereof to such holders).

(c) Investment Property. (i) As of the date hereof (1) it has no Securities Accounts other than those listed in Schedule 15 annexed to the Perfection Certificate and the Trustee has a perfected first priority security interest in such Securities Accounts by Control, (2) it does not hold, own or have any interest in any certificated securities or uncertificated securities other than those maintained in Securities Accounts listed in Schedule 15 annexed to the Perfection Certificate and (3) it has entered into a duly authorized, executed and delivered Securities Account Control Agreement, with respect to each Securities Account listed in Schedule 15 annexed to the Perfection Certificate, as applicable.

(ii) If any Pledgor shall at any time hold or acquire any certificated securities constituting Investment Property, such Pledgor shall (a) immediately endorse, assign and deliver the same to the Trustee or the Credit Agreement Agent, accompanied by appropriate instruments of transfer or assignment duly executed in blank, or (b) deliver such securities into a Securities Account with respect to which one or more Securities Account Control Agreements is in effect in favor of the Trustee and the Credit Agreement Agent. If any securities now or hereafter acquired by any Pledgor constituting Investment Property are uncertificated and are issued to such Pledgor or its nominee directly by the issuer thereof, such Pledgor shall notify the Trustee thereof and within five (5) Business Days (or such greater time period as permitted by the terms and conditions of the Indenture), pursuant to an agreement in form and substance satisfactory to the Trustee, either (a) cause the issuer to agree to comply with instructions from the Trustee as to such securities, without further consent of any Pledgor or such nominee, (b) cause a Security Entitlement with respect to such uncertificated security to be held in a Securities Account with respect to which the Trustee has Control or (c) arrange for the Trustee to become the registered owner of the securities. Pledgor shall not hereafter establish and maintain any Securities Account with any Securities Intermediary unless (1) the applicable Pledgor shall have given the Trustee 30 days' prior written notice of its intention to establish such new Securities Account with such Securities Intermediary, (2) such Securities Intermediary or Commodity Intermediary, as the case may be, and such Pledgor shall have duly executed and delivered a Control Agreement with respect to such Securities Account, as the case may be, and (3) the

Trustee shall have received an Opinion of Counsel (conforming to the terms of the Indenture) to the effect that such Control Agreement perfects the security interest of the Trustee herein granted in such Securities Account. The Trustee is irrevocably authorized and directed, promptly after receipt of each such Control Agreement executed by a Pledgor and a counterparty thereto, to execute and deliver a copy of the same to each Pledgor and such counterparty. The Trustee agrees with each Pledgor that the Trustee shall not give any entitlement orders or instructions or directions to any issuer of uncertificated securities, Securities Intermediary or Commodity Intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by such Pledgor, unless an Event of Default has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights would occur. The provisions of this Section 3.3(c) shall not apply to any Financial Assets credited to a Securities Account for which the Trustee is the Securities Intermediary. No Pledgor shall grant control over any Investment Property to any Person other than the Trustee and the Credit Agreement Agent.

(iii) As between the Trustee and the Pledgors, the Pledgors shall bear the investment risk with respect to the Investment Property, and the risk of loss of, damage to, or the destruction of the Investment Property, whether in the possession of, or maintained as a security entitlement or deposit by, or subject to the control of, the Trustee, the Credit Agreement Agent, a Securities Intermediary, Commodity Intermediary, any Pledgor or any other Person; provided, however, that nothing contained in this Section 3.3(c) shall release or relieve any Securities Intermediary or Commodity Intermediary of its duties and obligations to the Pledgors or any other Person under any Control Agreement or under applicable law. Each Pledgor shall promptly pay all Claims and fees of whatever kind or nature with respect to the Investment Property pledged by it under this Agreement. In the event any Pledgor shall fail to make such payment contemplated in the immediately preceding sentence, the Trustee may (in accordance with Sections 11.1(v) and 11.1(vi)) do so for the account of such Pledgor and the Pledgors shall promptly reimburse and indemnify the Trustee for all costs and expenses incurred by the Trustee under this Section 3.3(c) in accordance with Section 11.3 hereof.

(d) Electronic Chattel Paper and Transferable Records. As of the date hereof no amount individually or in the aggregate in excess of \$100,000 payable under or in connection with any of the Pledged Collateral is evidenced by any Electronic Chattel Paper or any "transferable record," as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction other than such Electronic Chattel Paper and transferable records listed in Schedule 11 annexed to the Perfection Certificate. If any amount individually or in the aggregate in excess of \$100,000 payable under or in connection with any of the Pledged Collateral shall be evidenced by any Electronic Chattel Paper or any transferable record, the Pledgor acquiring such Electronic Chattel Paper or transferable record shall promptly notify the Trustee thereof and shall take such action as may be necessary to vest in the Trustee control under UCC Section 9-105 of such Electronic Chattel Paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

(e) Letter-of-Credit Rights. If an Event of Default has occurred and is continuing, if such Pledgor is at any time a beneficiary under a Letter of Credit now or hereafter

issued in favor of such Pledgor, other than a Letter of Credit issued pursuant to the Indenture, in an amount individually or in the aggregate in excess of \$500,000, such Pledgor shall promptly notify the Trustee thereof and such Pledgor shall either (i) arrange for the issuer and any confirmer of such Letter of Credit to consent to an assignment to the Trustee of the proceeds of any drawing under the Letter of Credit or (ii) arrange for the Trustee to become the transferee beneficiary of such Letter of Credit. In each such event, the Trustee is hereby authorized and directed to effectively agree that the proceeds of any drawing under the Letter of Credit are to be applied as provided in the Indenture.

(f) Commercial Tort Claims. As of the date hereof it holds no Commercial Tort Claims other than those listed in Schedule 14 annexed to the Perfection Certificate. If any Pledgor shall at any time hold or acquire a Commercial Tort Claim having a value individually or in the aggregate in excess of \$500,000, such Pledgor shall immediately notify the Trustee in writing signed by such Pledgor of the brief details thereof and grant to the Trustee in such writing a security interest therein and in the Proceeds thereof, all upon the terms of this Agreement.

(g) Landlord Lien Waivers/Bailee Letters. Such Pledgor shall use its commercially reasonable efforts to obtain as soon as practicable after the date hereof with respect to each location set forth in Schedule 3.4 annexed hereto, where such Pledgor maintains Pledged Collateral, a waiver of bailee's and/or landlord's lien, as applicable, and use commercially reasonable efforts to obtain a bailee letter and/or landlord lien waiver, as applicable, from all such bailees and landlords, as applicable, who from time to time have possession of Pledged Collateral in the ordinary course of such Pledgor's business.

Section 3.4 Joinder of Additional Guarantors. To the extent required by the Indenture, ~~the Pledgors shall cause each~~ each Subsidiary of Holdings which is organized under the laws of the United States or any State or other political subdivision thereof, or which owns any property located in the United States, from time to time, after the date hereof, to execute and deliver to the Trustee (i) a Joinder Agreement substantially in the form of Exhibit 2 annexed hereto within ten (10) Business Days on which it was acquired or created, (ii) a Perfection Certificate, in each case, within ten (10) Business Days of the date on which it was acquired or created and, upon such execution and delivery, such Subsidiary shall constitute a "Guarantor" and a "Pledgor" for all purposes hereunder with the same force and effect as if originally named as a Guarantor and Pledgor herein, and (iii) simultaneously therewith, an Opinion of Counsel (conforming to the requirements of the Indenture) to the effect that that such Joinder Agreement, together with this Agreement as supplemented or otherwise modified thereby, constitute the valid and binding obligations of such Subsidiary, enforceable in accordance with their terms. The Trustee is irrevocably authorized and directed, promptly after receipt of such Joinder Agreement and Opinion of Counsel, to agree to and accept such Joinder Agreement by countersignature thereto and to deliver a copy of such countersignature to such Subsidiary. The execution and delivery of such Joinder Agreement shall not require the consent of any Pledgor hereunder. The rights and obligations of each Pledgor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor and Pledgor as a party to this Agreement.

Section 3.5 Supplements; Further Assurances. Each Pledgor shall take such further actions, and to execute and deliver to the Trustee (or the Credit Agreement Agent) such additional assignments, agreements, supplements, powers and instruments, as the Trustee may (in accordance with Sections 11.1(v) and 11.1(vi)) in its reasonable judgment deem necessary or appropriate, wherever required by law, in order to perfect, preserve and protect the security interest in the Pledged Collateral as provided herein and the rights and interests granted to the Trustee hereunder. If an Event of Default has occurred and is continuing, the Trustee may (in accordance with Sections 11.1(v) and 11.1(vi)) institute and maintain, in its own name or in the name of any Pledgor, such suits and proceedings as the Trustee may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Pledged Collateral. All of the foregoing shall be at the sole cost and expense of the Pledgors. The Pledgors and the Trustee acknowledge that this Agreement is intended to grant to the Trustee for the benefit of the Secured Parties a security interest in and Lien upon the Pledged Collateral and shall not constitute or create a present assignment of any of the Pledged Collateral.

ARTICLE IV.

REPRESENTATIONS, WARRANTIES AND COVENANTS

Each Pledgor represents, warrants and covenants as follows:

Section 4.1 Title. No financing statement or other public notice with respect to all or any part of the Pledged Collateral is on file or of record in any public office, except such as have been filed in favor of the Trustee pursuant to this Agreement or as are permitted by the Indenture. No Person other than the Trustee has control or possession of all or any part of the Pledged Collateral, except as permitted by the Indenture.

Section 4.2 Limitation on Liens; Defense of Claims; Transferability of Pledged Collateral. Each Pledgor is as of the date hereof, and, as to Pledged Collateral acquired by it from time to time after the date hereof, such Pledgor will be, the sole direct and beneficial owner of all Pledged Collateral pledged by it hereunder free from any Lien or other right, title or interest of any Person other than (i) Prior Liens, (ii) the Liens and security interest created by this Agreement, (iii) Contested Liens and (iv) the Liens permitted by the Indenture (the Liens described in clauses (i) through (iv) of this sentence, collectively, "Permitted Collateral Liens"). Each Pledgor shall, at its own cost and expense, defend title to the Pledged Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Trustee and the priority thereof against all claims and demands of all Persons, at its own cost and expense, at any time claiming any interest therein adverse to the Trustee or any other Secured Party other than Permitted Collateral Liens. There is no agreement, and no Pledgor shall enter into any agreement or take any other action, that would restrict the transferability of any of the Pledged Collateral or otherwise impair or conflict with such Pledgors' obligations or the rights of the Trustee hereunder.

Section 4.3 Chief Executive Office; Change of Name; Jurisdiction of Organization. (a) The exact legal name, type of organization, jurisdiction of organization, Federal Taxpayer Identification Number, organizational identification number and chief

executive office of such Pledgor as of the date hereof is indicated next to its name in Schedules 1(a)-(c) and 2(a)-(e) annexed to the Perfection Certificate. Such Pledgor shall not change (i) its corporate name, (ii) the location of its chief executive office, its principal place of business, any office in which it maintains books or records relating to Pledged Collateral owned by it or any office or facility at which Pledged Collateral owned by it is located (including the establishment of any such new office or facility), (iii) its identity or type of organization or corporate structure, (iv) its Federal Taxpayer Identification Number or organizational identification number or (v) its jurisdiction of organization (in each case, including, without limitation, by merging with or into any other entity, reorganizing, dissolving, liquidating, reincorporating or incorporating in any other jurisdiction) until (A) it shall have given the Trustee not less than 30 days' prior written notice (in the form of an Officers' Certificate conforming to the requirements of the Indenture) of its intention so to do, clearly describing such change and providing such other information in connection therewith as the Trustee may (subject to Section 11.1(vi)) reasonably request and (B) with respect to such change, such Pledgor shall have furnished to the Trustee an Opinion of Counsel (conforming to the requirements of the Indenture) to the effect that all action necessary to maintain the perfection and priority of the security interest of the Trustee for the benefit of the Secured Parties in the Pledged Collateral intended to be granted hereunder has been taken. Each Pledgor agrees to promptly provide the Trustee with certified organizational documents of such Pledgor reflecting any of the changes described in the preceding sentence.

(b) All UCC financing statements of the Pledgors need to be amended as a result of any of the changes described in Section 4.3(a). The Trustee shall not be liable or responsible to any party for any failure to maintain a perfected security interest in any Pledged Collateral (a) by filing, by any method of filing in any jurisdiction, (b) by possession of such Pledged Collateral received by it hereunder, in the absence of gross negligence or willful misconduct, or (c) by control of such Pledged Collateral, in the absence of willful misconduct. The Trustee shall have no duty to inquire about any attachment, perfection or priority of any interest granted hereunder.

Section 4.4 Location of Inventory and Equipment. All Equipment and Inventory of such Pledgor is located at the chief executive office or such other location listed in Schedules 2(a)-(e) annexed to the Perfection Certificate as of the date hereof. Such Pledgor shall not move any Equipment or Inventory to any location other than one that is listed in such Schedules of the Perfection Certificate with respect to such Pledgor until (i) it shall have given the Trustee not less than 30 days' prior written notice (in the form of an Officers' Certificate) of its intention so to do, clearly describing such new location and providing such other information in connection therewith as the Trustee may reasonably request and (ii) with respect to such new location, such Pledgor shall have taken all action necessary to maintain the perfection and priority of the security interest of the Trustee for the benefit of the Secured Parties in the Pledged Collateral intended to be granted hereby, including, without limitation, using commercially reasonable efforts to obtain waivers of landlord's or warehousemen's and/or bailee's liens with respect to such new location, if applicable.

Section 4.5 Condition and Maintenance of Equipment. The Equipment of such Pledgor is in good repair, working order and condition, reasonable wear and tear excepted. Each Pledgor shall cause the Equipment used or useful in its business to be maintained and preserved in good repair, working order and condition, reasonable wear and tear excepted, and

shall as quickly as commercially practicable make or cause to be made all repairs, replacements and other improvements which are necessary or appropriate in the conduct of such Pledgor's business.

Section 4.6 Corporate Names; Prior Transactions. As of the date hereof, such Pledgor has not, during the past five years, been known by or used any other corporate or fictitious name or been a party to any merger or consolidation, or acquired all or substantially all of the assets of any Person, or acquired any of its property or assets out of the ordinary course of business, except as set forth in Schedules 1(a)-(c) and 4 annexed to the Perfection Certificate.

Section 4.7 Due Authorization and Issuance. All of the Pledgor Securities set forth on Schedule 1.1(a) annexed hereto have been, and to the extent any Pledgor Securities are hereafter issued, such shares will be, upon such issuance, duly authorized, validly issued and fully paid and non-assessable. All of the Pledgor Securities have been fully paid for, and there is no amount or other obligation owing by any Pledgor to any issuer of the Pledgor Securities in exchange for or in connection with the issuance of the Pledgor Securities or any Pledgor's status as a partner or a member of any issuer of the Pledgor Securities.

Section 4.8 Intentionally Omitted.

Section 4.9 No Conflicts, Consents, etc. Except as set forth in Schedule 4.13 annexed hereto or otherwise set forth in the Intercreditor Agreement, no consent of any party (including, without limitation, equity holders or creditors of such Pledgor) and no consent, authorization, approval, license or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required (A) for the pledge by such Pledgor of the Pledged Collateral pledged by it pursuant to this Agreement or for the ~~execution, delivery or performance hereof by such Pledgor.~~ (B) for the exercise by the Trustee of the voting or other rights provided for in this Agreement or (C) for the exercise by the Trustee of the remedies in respect of the Pledged Collateral pursuant to this Agreement. In the event that the Trustee (in accordance with Sections 11.1(v) and 11.1(vi)) desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Trustee, such Pledgor agrees to use reasonable commercial efforts to assist and aid the Trustee to obtain as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

Section 4.10 Pledged Collateral. All information set forth herein, including the schedules annexed hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Secured Party in connection with this Agreement, in each case, relating to the Pledged Collateral, is accurate and complete in all material respects as of the date hereof. The Pledged Collateral described on the schedules annexed hereto constitutes all of the property of such type of Pledged Collateral owned or held by the Pledgors as of the date hereof. Pledgors shall provide notice of any changes to the information disclosed on all schedules to this Agreement concurrently with the information required to be provided to the Credit Agreement Agent.

Section 4.11 Insurance. In the event that the proceeds of any insurance claim are paid after the Trustee has exercised its right to foreclose after an Event of Default such proceeds shall be paid to the Trustee to be applied in accordance with the provisions of the Indenture. The Trustee shall retain its interest in the insurance policies required to be maintained pursuant to the Indenture during any redemption period.

Section 4.12 Payment of Taxes; Compliance with Laws; Contested Liens; Claims. Each Pledgor represents and warrants that all Claims imposed upon or assessed against the Pledged Collateral have been paid and discharged except to the extent such Claims constitute a Lien not yet due and payable or a Permitted Collateral Lien. Each Pledgor shall comply with all Requirements of Law applicable to the Pledged Collateral the failure to comply with which would, individually or in the aggregate, have a Material Adverse Effect. Each Pledgor may at its own expense contest the validity, amount or applicability of any Claims so long as the contest thereof shall be conducted in accordance with, and permitted pursuant to the provisions of, the Indenture. Notwithstanding the foregoing provisions of this Section 4.12, no contest of any such obligation may be pursued by such Pledgor if such contest would expose the Trustee or any other Secured Party to (i) any possible criminal liability or (ii) any additional civil liability for failure to comply with such obligations unless such Pledgor shall have furnished a bond or other security therefor satisfactory to the Trustee, or such Secured Party, as the case may be. Any contest of any such obligation shall satisfy the terms and conditions of the Indenture as well as the following conditions: (A) such Pledgor shall be contesting such Lien in good faith and (B) such Lien shall in all respects be subject and subordinate in priority to the Lien and security interest created and evidenced by this Agreement or other Senior Secured Note Document, except to the extent that the law or regulation creating, permitting or authorizing such Lien provides that such Lien is or must be superior to the Lien and security interest created and evidenced by this Agreement or other Senior Secured Notes ocuments.

Section 4.13 Access to Pledged Collateral, Books and Records; Other Information. Upon reasonable request (in accordance with Sections 11.1(v) and 11.1(vi)) to each Pledgor, the Trustee, its agents, accountants and attorneys shall have full and free access to visit and inspect, as applicable, during normal business hours and such other reasonable times as may be requested by the Trustee, all of the Pledged Collateral and Mortgaged Property including, without limitation, all of the books, correspondence and records of such Pledgor relating thereto. The Trustee and its representatives may (in accordance with Sections 11.1(v) and 11.1(vi)) examine the same, take extracts therefrom and make photocopies thereof, and such Pledgor agrees to render to the Trustee, at such Pledgor's cost and expense, such clerical and other assistance as may be reasonably requested by the Trustee (in accordance with Sections 11.1(v) and 11.1(vi)) with regard thereto. Such Pledgor shall, at any and all times, within a reasonable time after written request by the Trustee (in accordance with Sections 11.1(v) and 11.1(vi)), furnish or cause to be furnished to the Trustee, in such manner and in such detail as may be reasonably requested by the Trustee, additional information with respect to the Pledged Collateral..

Section 4.14 Third Party Consents. Each Pledgor shall use reasonable commercial efforts to obtain the consent of third parties to the extent such consent is necessary or desirable to create a valid, perfected security interest in favor of the Trustee in any Intellectual Property Collateral, including, without limitation, intent-to-use trademark applications.

ARTICLE V.

CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

Section 5.1 Pledge of Additional Securities Collateral. Each Pledgor shall, upon obtaining any Intercompany Loan Documents of any Person required to be pledged hereunder, accept the same in trust for the benefit of the Trustee and forthwith deliver to the Trustee or the Credit Agreement Agent a pledge amendment, duly executed by such Pledgor, in substantially the form of Exhibit 1 annexed hereto (each, a "Pledge Amendment"), and the certificates and other documents required under Section 3.1 hereof in respect of the additional Intercompany Loan Documents which are to be pledged pursuant to this Agreement, and confirming the attachment of the Lien hereby created on and in respect of such Intercompany Loan Documents. Each Pledgor hereby authorizes the Collateral Agent to attach each Pledge Amendment to this Agreement and agrees that all Intercompany Loan Documents listed on any Pledge Amendment delivered to the Collateral Agent shall for all purposes hereunder be considered Pledged Collateral. The Trustee is hereby authorized and directed, promptly after receipt of each Pledge Amendment, to agree to and accept such Pledge Amendment by countersignature thereto and to deliver a copy of such countersignature to such Pledgor.

Section 5.2 Voting Rights; Distributions; etc.

(i) So long as no Event of Default shall have occurred and be continuing:

(A) Each Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Indenture or any other document evidencing the Secured Obligations.

(B) Each Pledgor shall be entitled to receive and retain, and to utilize free and clear of the Lien hereof, any and all Distributions, but only if and to the extent made in accordance with the provisions of the Indenture; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities shall be forthwith delivered to the Trustee to hold as Pledged Collateral and shall, if received by any Pledgor, be received in trust for the benefit of the Trustee, be segregated from the other property or funds of such Pledgor and be forthwith delivered to the Trustee as Pledged Collateral in the same form as so received (with any necessary endorsement).

(C) The Trustee shall be deemed without further action or formality to have granted to each Pledgor all necessary consents relating to voting rights.

(ii) Upon the occurrence and during the continuance of any Event of Default following written notice to Pledgor (provided that no such notice shall be required to the extent the giving of such notice would require court approval or other third party consent):

(A) All rights of each Pledgor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.2(i)(A)

hereof without any action, other than, in the case of any Securities Collateral, or the giving of any notice shall cease, and all such rights shall thereupon become vested in the Trustee, which shall thereupon have the sole right (in accordance with Sections 11.1(v) and 11.1(vi)) to exercise such voting and other consensual rights.

(B) All rights of each Pledgor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to Section 5.2(i)(B) hereof shall cease and all such rights shall thereupon become vested in the Trustee, which shall thereupon have the sole right (in accordance with Sections 11.1(v) and 11.1(vi)) to receive and hold as Pledged Collateral such Distributions.

(iii) Each Pledgor shall, at its sole cost and expense, from time to time execute and deliver to the Trustee (or the Credit Agreement Agent) such instruments as may be necessary in order to permit the Trustee to exercise the voting and other rights which it may be entitled to exercise pursuant to Section 5.2(i)(A) hereof and to receive all Distributions which it may be entitled to receive under Section 5.2(i)(B) hereof.

(iv) All Distributions which are received by any Pledgor contrary to the provisions of Section 5.2(i)(B) hereof shall be received in trust for the benefit of the Trustee, shall be segregated from other funds of such Pledgor and shall immediately be paid over to the Trustee (or the Credit Agreement Agent) as Pledged Collateral in the same form as so received (with any necessary endorsement).

Section 5.3 Defaults, etc. No Securities Collateral pledged by such Pledgor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Pledgor by any Person with respect thereto.

ARTICLE VI

CERTAIN PROVISIONS CONCERNING INTELLECTUAL PROPERTY COLLATERAL

Section 6.1 Grant of License. For the purpose of enabling the Trustee, during the continuance of an Event of Default, to exercise rights and remedies under Article IX hereof at such time as the Trustee shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Pledgor hereby grants to the Trustee, to the extent assignable, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Pledgor) to use, assign, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by such Pledgor, wherever the same may be located, including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof.

Section 6.2 Registrations. Except pursuant to licenses and other user agreements entered into by any Pledgor in the ordinary course of business that are listed in Schedules 13(a)(i), 13(a)(ii) and 13(b) annexed to the Perfection Certificate, on and as of the date hereof (i) each Pledgor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any material Copyright, Patent or Trademark listed in Schedules

13(a) and 13(b) annexed to the Perfection Certificate, and (ii) all material registrations listed in Schedules 13(a) and 13(b) annexed to the Perfection Certificate are valid and in full force and effect.

Section 6.3 **No Violations or Proceedings.** To each Pledgor's knowledge, on and as of the date hereof, there is no material violation by others of any right of such Pledgor with respect to any material Copyright, Patent or Trademark listed in Schedules 13(a) and 13(b) annexed to the Perfection Certificate, respectively, pledged by it under the name of such Pledgor.

Section 6.4 **Protection of Trustee's Security.** On a continuing basis, each Pledgor shall, at its sole cost and expense, (a) promptly following its becoming aware thereof, notify the Trustee of (i) any materially adverse determination in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office with respect to any material Patent, Trademark or Copyright or (ii) the institution of any proceeding or any adverse determination in any Federal, state or local court or administrative body regarding such Pledgor's claim of ownership in or right to use any of the Intellectual Property Collateral material to the use and operation of the Pledged Collateral or Mortgaged Property, its right to register such Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (b) maintain and protect the Intellectual Property Collateral material to the use and operation of the Pledged Collateral or Mortgaged Property as presently used and operated and as contemplated by the Indenture, (c) not permit to lapse or become abandoned any Intellectual Property Collateral material to the use and operation of the Pledged Collateral or Mortgaged Property as presently used and operated and as contemplated by the Indenture, and not settle or compromise any pending or future litigation or administrative proceeding with respect to such Intellectual Property Collateral, in each case except as shall be consistent with commercially reasonable business judgment, (d) upon such Pledgor obtaining knowledge thereof, promptly notify the Trustee in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of the Intellectual Property Collateral or any portion thereof material to the use and operation of the Pledged Collateral or Mortgaged Property, the ability of such Pledgor or the Trustee to dispose of the Intellectual Property Collateral or any portion thereof or the rights and remedies of the Trustee in relation thereto including, without limitation, a levy or threat of levy or any legal process against the Intellectual Property Collateral or any portion thereof, (e) except in its reasonable business judgment, not license the Intellectual Property Collateral other than licenses entered into by such Pledgor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the licenses in a manner that materially and adversely affects the right to receive payments thereunder, or in any manner that would materially impair the value of the Intellectual Property Collateral or the Lien on and security interest in the Intellectual Property Collateral intended to be granted to the Trustee for the benefit of the Secured Parties, (f) until the Trustee exercises its rights (in accordance with Sections 11.1(v) and 11.1(vi)) to make collection, diligently keep adequate records respecting the Intellectual Property Collateral and (g) furnish to the Trustee, as and when such information is required to be provided pursuant to the terms and conditions of the Indenture, detailed statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to the Intellectual Property Collateral. Notwithstanding the foregoing nothing herein shall prevent any Pledgor from selling, disposing of or otherwise using any Intellectual Property Collateral as permitted under the Indenture.

Section 6.5 After-Acquired Property. If any Pledgor shall, at any time before the Secured Obligations have been paid in full in cash (other than contingent indemnification obligations which, pursuant to the provisions of the Indenture or the Senior Secured Note Documents, survive the termination thereof), (a) obtain any rights to any additional Intellectual Property Collateral or (b) become entitled to the benefit of any additional Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Intellectual Property Collateral, or any improvement on any Intellectual Property Collateral, the provisions hereof shall automatically apply thereto and any such item enumerated in clause (a) or (b) of this Section 6.5 with respect to such Pledgor shall automatically constitute Intellectual Property Collateral if such would have constituted Intellectual Property Collateral at the time of execution hereof and be subject to the Lien and security interest created by this Agreement without further action by any party. Each Pledgor shall concurrently with the information required to be provided to the Credit Agreement Agent (i) provide to the Trustee written notice of any of the foregoing and (ii) confirm the attachment of the Lien and security interest created by this Agreement to any rights described in clauses (i) and (ii) of the immediately preceding sentence of this Section 6.5 by execution and delivery of an appropriate instrument therefor.

Section 6.6 Modifications. Each Pledgor is hereby authorized to modify this Agreement by supplementing Schedules 13(a)(i), 13(a)(ii) and 13(b) annexed to the Perfection Certificate to include any Intellectual Property Collateral acquired or arising after the date hereof of such Pledgor including, without limitation, any of the items listed in Section 6.5 hereof.

Section 6.7 Litigation. Unless there shall occur and be continuing any Event of Default, each Pledgor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Pledgors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value or other damage as are necessary to protect the Intellectual Property Collateral. Upon the occurrence and during the continuance of any Event of Default, the Trustee shall have the right (in accordance with Sections 11.1(v) and 11.1(vi)) but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Pledgor, the Trustee or the Secured Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Pledgor shall, at the reasonable request of the Trustee (in accordance with Sections 11.1(v) and 11.1(vi)), do any and all lawful acts and execute any and all documents requested by the Trustee in aid of such enforcement and the Pledgors shall promptly reimburse and indemnify the Trustee, as the case may be, for all costs and expenses incurred by the Trustee in the exercise of its rights under this Section 6.7 in accordance with Section 11.2 hereof. In the event that the Trustee shall (in accordance with Sections 11.1(v) and 11.1(vi)) elect not to bring suit to enforce the Intellectual Property Collateral, each Pledgor agrees, at the reasonable request of the Trustee, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value of or other damage to any of the Intellectual Property Collateral which is material to its business by others and for that purpose agrees to diligently maintain any suit, proceeding or other action against any Person so infringing necessary to prevent such infringement.

ARTICLE VII.

CERTAIN PROVISIONS CONCERNING ACCOUNTS

Section 7.1 Special Representations and Warranties. As of the time when each of its Accounts arises, each Pledgor shall be deemed to have represented and warranted that such Account and all records, papers and documents relating thereto (a) are genuine and correct and in all material respects what they purport to be, (b) represent the legal, valid and binding obligation of the account debtor, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability, evidencing indebtedness unpaid and owed by such account debtor, arising out of the performance of labor or services or the sale, lease, license, assignment or other disposition and delivery of the goods or other property listed therein or out of an advance or a loan, (c) in all material respects in compliance and conform with all applicable Federal, state and local laws and applicable laws of any relevant foreign jurisdiction.

Section 7.2 Maintenance of Records. Each Pledgor shall keep and maintain at its own cost and expense complete records of each Account, in a manner consistent with prudent business practice, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Pledgor shall, at such Pledgor's sole cost and expense, upon the Trustee's demand (in accordance with Sections 11.1(v) and 11.1(vi)) made at any time after the occurrence and during the continuance of any Event of Default, subject to the terms of the Intercreditor Agreement, deliver all tangible evidence of Accounts, including, without limitation, all documents evidencing Accounts and any books and records relating thereto to the Trustee or to its representatives (copies of which evidence and books and records may be retained by such Pledgor). Upon the occurrence and during the continuance of any Event of Default, the Trustee may (in accordance with Sections 11.1(v) and 11.1(vi)) transfer a full and complete copy of any Pledgor's books, records, credit information, reports, memoranda and all other writings relating to the Accounts to and for the use by any person that has acquired or is contemplating acquisition of an interest in the Accounts or the Trustee's security interest therein without the consent of any Pledgor.

Section 7.3 Legend. Each Pledgor shall legend, at the request of the Trustee (in accordance with Sections 11.1(v) and 11.1(vi)) made at any time after the occurrence of any Event of Default and in form and manner satisfactory to the Trustee, the Accounts and the other books, records and documents of such Pledgor evidencing or pertaining to the Accounts with an appropriate reference to the fact that the Accounts have been assigned to the Trustee for the benefit of the Secured Parties and that the Trustee has a security interest therein.

Section 7.4 Modification of Terms, etc. No Pledgor shall rescind or cancel any indebtedness evidenced by any Account or modify any term thereof or make any adjustment with respect thereto except in the ordinary course of business consistent with prudent business practice, or extend or renew any such indebtedness except in the ordinary course of business consistent with prudent business practice or compromise or settle any dispute, claim, suit or legal proceeding relating thereto or sell any Account or interest therein except in the

ordinary course of business consistent with prudent business practice. Each Pledgor shall timely fulfill all material obligations on its part to be fulfilled under or in connection with the Accounts.

Section 7.5 Collection. Each Pledgor shall cause to be collected from the account debtor of each of the Accounts, as and when due in the ordinary course of business consistent with prudent business practice, any and all amounts owing under or on account of such Account, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Account, except that any Pledgor may, with respect to an Account, allow in the ordinary course of business (i) a refund or credit due as a result of returned or damaged or defective merchandise and (ii) such extensions of time to pay amounts due in respect of Accounts and such other modifications of payment terms or settlements in respect of Accounts as shall be commercially reasonable in the circumstances, all in accordance with such Pledgor's ordinary course of business consistent with its collection practices as in effect from time to time. The costs and expenses (including, without limitation, attorneys' fees) of collection, in any case, whether incurred by any Pledgor, the Trustee or any Secured Party, shall be paid by the Pledgors.

ARTICLE VIII.

TRANSFERS AND OTHER LIENS

Section 8.1 Transfers of and other Liens on Pledged Collateral. No Pledgor shall sell, convey, assign or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral pledged by it hereunder except as permitted by the Indenture.

ARTICLE IX.

REMEDIES

Section 9.1 Remedies. (a) Upon the occurrence and during the continuance of any Event of Default and subject to the terms of the Intercreditor Agreement, the Trustee may (in accordance with Sections 11.1(v) and 11.1(vi)) from time to time exercise in respect of the Pledged Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it:

(i) Personally, or by agents or attorneys, immediately take possession of the Pledged Collateral or any part thereof, from any Pledgor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon any Pledgor's premises where any of the Pledged Collateral is located, remove such Pledged Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Pledged Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of any Pledgor;

(ii) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Pledged Collateral including, without limitation, instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Pledged Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Trustee, and in connection with any of the

foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that in the event that any such payments are made directly to any Pledgor, prior to receipt by any such obligor of such instruction, such Pledgor shall segregate all amounts received pursuant thereto in trust for the benefit of the Trustee and shall promptly (but in no event later than one (1) Business Day after receipt thereof) pay such amounts to the Trustee;

(iii) Sell, assign, grant a license to use or otherwise liquidate, or direct any Pledgor to sell, assign, grant a license to use or otherwise liquidate, any and all investments made in whole or in part with the Pledged Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment, license or liquidation;

(iv) Take possession of the Pledged Collateral or any part thereof, by directing any Pledgor in writing to deliver the same to the Trustee at any place or places so designated by the Trustee, in which event such Pledgor shall at its own expense: (A) forthwith cause the same to be moved to the place or places designated by the Trustee and there delivered to the Trustee, (B) store and keep any Pledged Collateral so delivered to the Trustee at such place or places pending further action by the Trustee and (C) while the Pledged Collateral shall be so stored and kept, provide such security and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. Each Pledgor's obligation to deliver the Pledged Collateral as contemplated in this Section 9.1(a)(iv) is of the essence hereof. Upon application to a court of equity having jurisdiction, the Trustee shall be entitled to a decree requiring specific performance by any Pledgor of such obligation;

(v) Withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of any Pledgor constituting Pledged Collateral for application to the Secured Obligations as provided in Article X hereof;

(vi) Retain and apply the Distributions to the Secured Obligations as provided in Article X hereof;

(vii) Exercise any and all rights as beneficial and legal owner of the Pledged Collateral, including, without limitation, perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Pledged Collateral; and

(viii) Exercise all the rights and remedies of a secured party under the UCC, and the Trustee may (in accordance with Sections 11.1(v) and 11.1(vi)) also in its sole discretion, without notice except as specified in Section 9.2 hereof, sell, assign or grant a license to use the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Trustee's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Trustee may deem commercially reasonable. The Trustee or any other Secured Party or any of their respective Affiliates may (in accordance with Sections 11.1(v) and 11.1(vi)) be the purchaser, licensee, assignee or recipient of any or all of the Pledged Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Pledged Collateral sold, assigned or licensed at such sale, to use and

apply any of the Secured Obligations owed to such Person as a credit on account of the purchase price of any Pledged Collateral payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of any Pledgor, and each Pledgor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Trustee shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Trustee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Pledgor hereby waives, to the fullest extent permitted by law, any claims against the Trustee arising by reason of the fact that the price at which any Pledged Collateral may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale, even if the Trustee accepts the first offer received and does not offer such Pledged Collateral to more than one offeree.

Section 9.2 Notice of Sale. Each Pledgor acknowledges and agrees that, to the extent notice of sale or other disposition of Pledged Collateral shall be required by law, ten (10) days' prior notice to such Pledgor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. No notification need be given to any Pledgor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying (as permitted under law) any right to notification of sale or other intended disposition.

Section 9.3 Waiver of Notice and Claims. Each Pledgor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Trustee's taking possession or the Trustee's disposition of any of the Pledged Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Pledgor would otherwise have under law, and each Pledgor hereby further waives, to the fullest extent permitted by applicable law: (a) all damages occasioned by such taking of possession, (b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Trustee's rights hereunder and (c) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. The Trustee shall not be liable for any incorrect or improper payment made pursuant to this Article IX in the absence of gross negligence or willful misconduct. Any sale of, or the grant of options to purchase, or any other realization upon, any Pledged Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Pledgor therein and thereto, and shall be a perpetual bar both at law and in equity against such Pledgor and against any and all Persons claiming or attempting to claim the Pledged Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Pledgor.

(i) Each Pledgor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any Governmental Authority, the Trustee may be compelled, with respect to any sale of all or any part of the Pledged Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. Each Pledgor acknowledges that any such sales may be at prices and on terms less favorable to the Trustee than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable law, the Trustee shall have no obligation to engage in public sales.

(ii) Each Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act, and applicable state securities laws, the Trustee may be compelled, with respect to any sale of all or any part of the Securities Collateral and Investment Property, to limit purchasers to Persons who will agree, among other things, to acquire such Securities Collateral or Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Pledgor acknowledges that any such private sales may be at prices and on terms less favorable to the Trustee than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Trustee shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral or Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

(iii) If the Trustee determines (in accordance with Sections 11.1(v) and 11.1(vi)) to exercise its right to sell any or all of the Securities Collateral or Investment Property, upon written request, the applicable Pledgor shall from time to time furnish to the Trustee all such information as the Trustee may request in order to determine the number of securities included in the Securities Collateral or Investment Property which may be sold by the Trustee as exempt transactions under the Securities Act and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(iv) Each Pledgor further agrees that a breach of any of the covenants contained in this Section 9.4 will cause irreparable injury to the Trustee and other Secured Parties, that the Trustee and the other Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 9.4 shall be specifically enforceable against such Pledgor, and such Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing.

(i) No failure on the part of the Trustee to exercise, no course of dealing with respect to, and no delay on the part of the Trustee in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy; nor shall the Trustee be required to look first to, enforce or exhaust any other security, collateral or guaranties. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

(ii) In the event that the Trustee shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case, the Pledgors, the Trustee and each other Secured Party shall be restored to their respective former positions and rights hereunder with respect to the Pledged Collateral, and all rights, remedies and powers of the Trustee and the other Secured Parties shall continue as if no such proceeding had been instituted.

Section 9.6 Certain Additional Actions Regarding Intellectual Property. If any Event of Default shall have occurred and be continuing, upon the written demand by the Trustee (subject to Section 11.1(vi)), each Pledgor shall execute and deliver to Trustee (i) an assignment or assignments of the registered Patents, Trademarks and/or Copyrights and other documents, and (ii) an Officers' Certificate and an Opinion of Counsel (each conforming to the terms of the Indenture) that such assignments and other documents constitute all that is necessary and appropriate to transfer title thereto to the Trustee. Within five (5) Business Days of written notice thereafter from Trustee (subject to Section 11.1(vi)), each Pledgor shall make available to Trustee, to the extent within such Pledgor's power and authority, such personnel in such Pledgor's employ on the date of the Event of Default as Trustee may reasonably designate to permit such Pledgor to continue, directly or indirectly, to produce, advertise and sell the products and services sold by such Pledgor under the registered Patents, Trademarks and/or Copyrights.

ARTICLE X.

PROCEEDS OF CASUALTY EVENTS AND COLLATERAL DISPOSITIONS/APPLICATION OF PROCEEDS

Section 10.1 Proceeds of Casualty Events and Collateral Dispositions. The Pledgors shall take all actions required by the Indenture with respect to any proceeds of any Casualty Event or from the sale or disposition of any Pledged Collateral.

Section 10.2 Application of Proceeds. Subject to the terms of the Intercreditor Agreement, the proceeds received by the Trustee in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Trustee of its remedies shall be applied, together with any other sums then held by the Trustee pursuant to this Agreement, in accordance with the terms of the Indenture.

ARTICLE XI.

MISCELLANEOUS

Section 11.1 Concerning Trustee.

(i) The Trustee has been appointed as trustee pursuant to the Indenture. The actions of the Trustee hereunder are subject to the provisions of the Indenture. The Trustee shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including, without limitation, the release or substitution of the Pledged Collateral), in accordance with this Agreement and the Indenture. The Trustee may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Trustee may resign and a successor Trustee may be appointed in the manner provided in the Indenture. Upon the acceptance of any appointment as the Trustee by a successor Trustee, that successor Trustee shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Trustee under this Agreement, and the retiring Trustee shall thereupon be discharged from its duties and obligations under this Agreement. After any retiring Trustee's resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Trustee.

(ii) The Trustee shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equivalent to that which the Trustee, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Trustee nor any of the Secured Parties shall have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not the Trustee or any other Secured Party has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any Person with respect to any Pledged Collateral.

(iii) The Trustee shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining to this Agreement and its duties hereunder, upon advice of counsel selected by it.

(iv) If any item of Pledged Collateral also constitutes collateral granted to Trustee under any other deed of trust, mortgage, security agreement, pledge or instrument of any type, in the event of any conflict between the provisions hereof and the provisions of such other deed of trust, mortgage, security agreement, pledge or instrument of any type in respect of such collateral, Trustee, in its sole discretion, shall select which provision or provisions shall control.

(v) The Trustee shall have no obligation to request, and no liability for failing to request, any information or other item hereunder except to the extent (a) required by

the TIA, (b) expressly required by the terms hereof, or (c) at the request, in writing delivered to the Trustee in accordance with the Indenture, of a Parity Lien Representative and at the expense of, and with appropriate indemnities therefor (in form and substance satisfactory to the Trustee) by, in the sole discretion of the Trustee, such Parity Lien Representative and/or the holders of a majority in aggregate outstanding principal amount of the Parity Lien Obligations represented by such Parity Lien Representative.

(vi) The Trustee shall have no obligation to take, and no liability for failing to take, any action under ARTICLE IX or Section 11.2 except to the extent (a) required by the TIA, (b) expressly required by the terms hereof, or (c) at the request, in writing delivered to the Trustee in accordance with the Indenture, of a Parity Lien Representative and at the sole cost and expense of, and with appropriate indemnities therefor (in form and substance satisfactory to the Trustee) by, in the sole discretion of the Trustee, such Parity Lien Representative and/or the holders of a majority in aggregate outstanding principal amount of the Parity Lien Obligations represented by such Parity Lien Representative.

(vii) Each Pledgor agrees that it hereby provides, and shall cause each other Pledgor to provide, to the Trustee all of the rights, privileges, protections, immunities and benefits given by the Issuers to the Trustee under the Indenture, mutatis mutandis.

(viii) To the extent resulting from or in connection with the execution, delivery, enforcement, performance, or administration of this Agreement or any other Senior Secured Note Document, and except to the extent arising from the gross negligence, willful misconduct, or bad faith of the Trustee, the Pledgors agree, jointly and severally, to defend, indemnify, and hold harmless each Indemnitee from and against any and all claims, demands, penalties, fines, liabilities, losses, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (w) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting soil, water, air, vegetation, buildings, personal property, persons, animals, or otherwise; (x) any personal injury (including wrongful death), property damage (real or personal) or natural resource damage arising out of or related to such Hazardous Materials; (y) any third party claim brought or threatened, settlement reached, or government order, or any policies or requirements of the Trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees and expenses, investigation and laboratory fees, court costs, and litigation expenses, and/or (z) any violations of Environmental Laws. For purposes hereof, (1) "Hazardous Materials" means, without limit, any pollutant, contaminant or hazardous, toxic, medical, biohazardous, or dangerous waste, substance, constituent or material, defined or regulated as such in, or for purpose of, any applicable Environmental Law, including, without limitation, any asbestos, any petroleum, oil (including crude oil or any fraction thereof), any radioactive substance, any polychlorinated biphenyls, any toxin, chemical, disease-causing agent or pathogen, and any other substance that gives rise to liability under any applicable Environmental Law, and (2) "Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Resource Conservation and Recovery Act of 1976, as amended, and any other applicable federal, state, local, or foreign statute, rule, regulation, order, judgment, directive, decree, permit, license or common law as in effect now, previously, or at any time during the term of any Senior Secured Note Document, and regulating, relating to, or imposing liability or

standards of conduct concerning air emissions, water discharges, noise emissions, the release or threatened release or discharge of any Hazardous Material into the environment, the use, manufacture, production, refinement, generation, handling, treatment, storage, transport or disposal of any Hazardous Material or otherwise concerning pollution or the protection of the outdoor or indoor environment, or human health or safety in relation to exposure to Hazardous Materials. Each Pledgor agrees that (i) it shall cause each Pledgor (as defined in the Indenture) which is not a party to this Agreement to include in each Security Document in favor of the Trustee to which it is a party an indemnity identical in substance to this paragraph (with such changes thereto as the Trustee may agree in its sole discretion), and (ii) it shall cause each Security Document executed and delivered to the Trustee by it hereafter to contain an indemnity identical in substance to this paragraph (with such changes thereto as the Trustee may agree in its sole discretion).

Section 11.2 Trustee May Perform; Trustee Appointed Attorney-in-Fact. If any Pledgor shall fail to perform any covenants contained in this Agreement or in the Indenture or if any warranty on the part of any Pledgor contained herein shall be breached, the Trustee may (subject to Section 6.1(vi)) do the same or cause it to be done or remedy any such failure or breach, and may expend funds for such purpose; provided, however, that except as otherwise expressly provided herein, Trustee shall in no event be bound to inquire as to, or otherwise determine, whether any such failure or breach has occurred. Any and all amounts so expended by the Trustee shall be paid by the Pledgors in accordance with the provisions of Section 11.3 hereof. Neither the provisions of this Section 11.2 nor any action taken by Trustee pursuant to the provisions of this Section 11.2 shall prevent any such failure to observe any covenant contained in this Agreement nor any breach of warranty from constituting an Event of Default. Each Pledgor hereby appoints the Trustee its attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor, or otherwise, from time to time following an Event of Default which is continuing in the Trustee's discretion to take any action and to execute any instrument consistent with the terms of the Indenture and the other Senior Secured Note Documents which the Trustee may (in accordance with Sections 11.1(v) and 11.1(vi)) deem necessary or advisable to accomplish the purposes hereof. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof. Each Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

Section 11.3 Expenses.

(a) Each Pledgor will upon demand pay to the Trustee the amount of any and all reasonable costs and expenses, including the reasonable fees and expenses of its counsel and the reasonable fees and expenses of any experts and agents which the Trustee may incur in connection with (i) any action, suit or other proceeding affecting the Pledged Collateral or any part thereof commenced, in which action, suit or proceeding the Trustee is made a party or participates or in which the right to use the Pledged Collateral or any part thereof is threatened, or in which it becomes necessary in the reasonable judgment of the Trustee to defend or uphold the Lien hereof (including, without limitation, any action, suit or proceeding to establish or uphold the compliance of the Pledged Collateral with any requirements of any Governmental Authority or law), (ii) the collection of the Secured Obligations, (iii) the enforcement and administration hereof, (iv) the custody or preservation of, or the sale of, collection from, or other

realization upon, any of the Pledged Collateral, (v) the exercise or enforcement of any of the rights of the Trustee or any Secured Party hereunder or (vi) the failure by any Pledgor to perform or observe any of the provisions hereof. All amounts expended by the Trustee and payable by any Pledgor under this Section 11.3 shall be due upon demand therefor (together with interest thereon accruing at the highest rate then in effect under the Indenture during the period from and including the date on which such funds were so expended to the date of repayment) and shall be part of the Secured Obligations. The obligations of each Pledgor under this Section 11.3(a) are in addition to, but not in duplication of, its obligations under the Indenture, the other Senior Secured Note Documents and the Intercreditor Agreement.

(b) The Pledgors agree, jointly and severally, to indemnify the Trustee, each Affiliate of the Trustee and each of their respective directors, officers, trustees, employees and agents (each such Person being called an "Indemnitee"), against, and to hold each Indemnitee harmless from, all reasonable out-of-pocket costs and any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges, expenses and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of this Agreement, the Indenture, any other Senior Secured Note Document, the Intercreditor Agreement or any other document evidencing the Secured Obligations (including, without limitation, any misrepresentation by any Pledgor in this Agreement, the Indenture, other Senior Secured Note Document or any other document evidencing the Secured Obligations); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. The obligations of each Pledgor under this Section 11.3(b) are in addition to, but not in duplication of, its obligations under the Indenture, the other Senior Secured Note Documents and the Intercreditor Agreement

(c) The provisions of this Section 11.3 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the expiration or termination of the Indenture, the repayment of any of the Senior Secured Notes, the invalidity or unenforceability of any term or provision of this Agreement or any other Senior Secured Note Document, or any investigation made by or on behalf of the Trustee or any Holder. All amounts due under this Section 11.3 shall be payable promptly (but in any event no more than 10 days following) upon written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

Section 11.4 Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (a) be binding upon the Pledgors, their respective successors and assigns and (b) inure, together with the rights and remedies of the Trustee hereunder, to the benefit of the Trustee and the other Secured Parties and each of their permitted respective successors, transferees and assigns. No other Persons (including, without limitation, any other creditor of any Pledgor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (b), any Secured Party may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other Person, and such other Person shall thereupon become

vested with all the benefits in respect thereof granted to such Secured Party, herein or otherwise, subject however, to the provisions of the Indenture.

Section 11.5 Termination; Release. The Pledged Collateral shall be released from the Lien of this Agreement in accordance with the provisions of the Indenture. Upon termination hereof or any release of Pledged Collateral in accordance with the provisions of the Indenture, the Trustee shall, upon the request and at the sole cost and expense of the Pledgors, (i) assign, transfer and deliver to the Pledgor, requesting same, against receipt and without recourse to or warranty by the Trustee except as to the fact that the Trustee has not encumbered the released assets, such of the Pledged Collateral to be released (in the case of a release) as may be in possession of the Trustee and as shall not have been sold or otherwise applied pursuant to the terms hereof, and (ii) with respect to any other Pledged Collateral, deliver to the Pledgor requesting same proper documents and instruments (including UCC-3 termination statements or releases) reasonably requested and acknowledging the termination hereof or the release of such Pledged Collateral, as the case may be.

Section 11.6 Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Pledgor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Indenture and unless in writing and signed by the Trustee. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by any Pledgor from the terms of any provision hereof shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or any other document evidencing the Secured Obligations, no notice to or demand on any Pledgor in any case shall entitle any Pledgor to any other or further notice or demand in similar or other circumstances.

Section 11.7 Notices. Unless otherwise provided herein or in the Indenture, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Indenture, as to any Pledgor, addressed to it at the address of MagnaChip Finance set forth in the Indenture and as to the Trustee, addressed to it at the address set forth in the Indenture, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 11.7.

Section 11.8 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 11.9 CONSENT TO JURISDICTION AND SERVICE OF PROCESS; WAIVER OF JURY TRIAL. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PLEDGOR OR SECURED PARTY WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY, THE COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK AND APPELLATE COURTS OF ANY THEREOF, AND BY EXECUTION AND DELIVERY HEREOF, EACH PLEDGOR ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY

AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH PLEDGOR AGREES THAT SERVICE OF PROCESS IN ANY PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO MAGNACHIP FINANCE AT ITS ADDRESS SET FORTH IN THE INDENTURE OR AT SUCH OTHER ADDRESS OF WHICH THE TRUSTEE SHALL HAVE BEEN NOTIFIED PURSUANT THERETO. IF ANY AGENT APPOINTED BY ANY PLEDGOR REFUSES TO ACCEPT SERVICE, SUCH PLEDGOR HEREBY AGREES THAT SERVICE UPON IT BY MAIL SHALL CONSTITUTE SUFFICIENT NOTICE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF THE TRUSTEE TO BRING PROCEEDINGS AGAINST ANY PLEDGOR IN THE COURTS OF ANY OTHER JURISDICTION. THE PLEDGORS HEREBY IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.10 Severability of Provisions. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 11.11 Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

Section 11.12 Business Days. In the event any time period or any date provided in this Agreement ends or falls on a day other than a Business Day, then such time period shall be deemed to end and such date shall be deemed to fall on the next succeeding Business Day, and performance herein may be made on such Business Day, with the same force and effect as if made on such other day.

Section 11.13 Waiver of Stay. Each Pledgor agrees that in the event that such Pledgor or any property or assets of such Pledgor shall hereafter become the subject of a voluntary or involuntary proceeding under the Code or such Pledgor shall otherwise be a party to any Federal or state bankruptcy, insolvency, moratorium or similar proceeding to which the provisions relating to the automatic stay under Section 362 of the Code or any similar provision in any such law is applicable, then, in any such case, whether or not the Trustee has commenced foreclosure proceedings under this Agreement, the Trustee shall be entitled to relief from any such automatic stay as it relates to the exercise of any of the rights and remedies (including, without limitation, any foreclosure proceedings) available to the Trustee as provided in this Agreement, in any other Collateral Document or any other document evidencing the Secured Obligations.

Section 11.14 No Credit for Payment of Taxes or Imposition. Such Pledgor shall not be entitled to any credit against the principal, premium, if any, or interest payable under the Indenture, and such Pledgor shall not be entitled to any credit against any other sums which may become payable under the terms thereof or hereof, by reason of the payment of any Tax on the Pledged Collateral or any part thereof.

Section 11.15 No Claims Against Trustee. Nothing contained in this Agreement shall constitute any consent or request by the Trustee, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Pledged Collateral or any part thereof, nor as giving any Pledgor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against the Trustee in respect thereof or any claim that any Lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the Lien hereof.

Section 11.16 No Release. Nothing set forth in this Agreement shall relieve any Pledgor from the performance of any term, covenant, condition or agreement on such Pledgor's part to be performed or observed under or in respect of any of the Pledged Collateral or from any liability to any Person under or in respect of any of the Pledged Collateral or shall impose any obligation on the Trustee or any other Secured Party to perform or observe any such term, covenant, condition or agreement on such Pledgor's part to be so performed or observed or shall impose any liability on the Trustee or any other Secured Party for any act or omission on the part of such Pledgor relating thereto or for any breach of any representation or warranty on the part of such Pledgor, including without limitation, any representation or warranty contained in this Agreement, the Indenture or the other Senior Secured Note Documents, or under or in respect of the Pledged Collateral or made in connection herewith or therewith. The obligations of each Pledgor contained in this Section 11.16 shall survive the termination hereof and the discharge of such Pledgor's other obligations under this Agreement, the Indenture and the other Senior Secured Note Documents.

Section 11.17 Obligations Absolute. All obligations of each Pledgor hereunder shall be absolute and unconditional irrespective of:

- (i) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Pledgor;
- (ii) any lack of validity or enforceability of the Indenture, the Senior Secured Notes, any other Senior Secured Note Document, or any other agreement or instrument relating thereto;
- (iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Indenture, or any other Senior Secured Note Document or any other agreement or instrument relating thereto;

(iv) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Secured Obligations;

(v) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect of this Agreement, the Indenture, the Senior Secured Notes or any other Senior Secured Note Document except as specifically set forth in a waiver granted pursuant to the provisions of Section 11.6 hereof; or

(vi) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Pledgor.

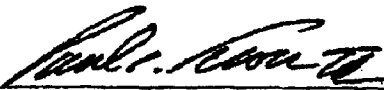
Section 11.18 Intercreditor Agreement. Enforcement of rights and remedies and priority of the Liens granted pursuant to this Agreement are subject to the Intercreditor Agreement and in the event of any conflict between this Agreement and the Intercreditor Agreement, the terms of the Intercreditor Agreement shall govern.

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IN WITNESS WHEREOF, the Pledgors and the Trustee have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

PLEDGORS:

MagnaChip Semiconductor Finance Company a
Delaware corporation

By: 

Name: Paul C. Schorr IV

Title: Vice President and Treasurer

MagnaChip Semiconductor LLC, a Delaware limited
liability company

By: _____

Name: Robert Krakauer

Title: Executive Vice President, Strategic
Operations and Chief Financial Officer

MagnaChip Semiconductor Inc., a Delaware corporation

By: _____

Name: John Radanovich

Title: President, Chief Executive Officer and
Secretary

MagnaChip Semiconductor SA Holdings LLC, a
Delaware limited liability company

By: 

Name: Paul C. Schorr IV

Title: Vice President and Treasurer

[Signature Page to US Second Lien Note Security Agreement]

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TRADEMARK
REEL: 003158 FRAME: 0185


IN WITNESS WHEREOF, the Pledgors and the Trustee have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

PLEDGORS:

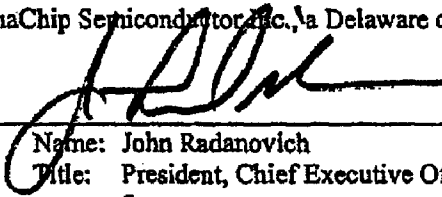
MagnaChip Semiconductor Finance Company a
Delaware corporation

By: _____
Name: Paul C. Schorr IV
Title: Vice President and Treasurer

MagnaChip Semiconductor LLC, a Delaware limited
liability company

By: 
Name: John Radanovich
Title: Senior Vice President

MagnaChip Semiconductor Inc., a Delaware corporation

By: 
Name: John Radanovich
Title: President, Chief Executive Officer and
Secretary

MagnaChip Semiconductor SA Holdings LLC, a
Delaware limited liability company

By: _____
Name: Paul C. Schorr IV
Title: Vice President and Treasurer

[Signature Page to US Second Lien Note Security Agreement]

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TRUSTEE:

THE BANK OF NEW YORK, as Trustee

By: *Dorothy Miller*
Name:
Title: **DOROTHY MILLER**
VICE PRESIDENT

[Signature Page to US Second Lien Note Security Agreement]
S-2

TRADEMARK
REEL: 003158 FRAME: 0187

SCHEDULE 1.1

Prior Liens

None

CH732666.1
1024951.3.PHI_BUSTAX_01

TRADEMARK
REEL: 003158 FRAME: 0188

SCHEDULE 3.4
Locations for Landlord Lien Waivers/Bailee Letters

None

CH732666.1
1024951.3.PHI_BUSTAX_01

TRADEMARK
REEL: 003158 FRAME: 0189

SCHEDULE 4.13

Required Consents

None

CH732666.1
1024951.3.PHI_BUSTAX_01

SCHEDULE 1.1

Prior Liens

None

CHV732666.1
1024951.3.PHI_BUSTAX_01

TRADEMARK
REEL: 003158 FRAME: 0191

SCHEDULE 3.4
Locations for Landlord Lien Waivers/Bailee Letters

None

CM732666.1
1024951.3.PHI_BUSTAX_01

SCHEDULE 4.13

Required Consents

None

CHV732666.1
1024951.3.PHI_BUSTAX_01

[Form of]

PLEDGE AMENDMENT

This Pledge Amendment, dated as of [], is delivered pursuant to Section 5.1 of that certain security agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement;" capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of [], made by [], a [] (the "Issuer"), and the Guarantors party thereto in favor of The Bank of New York, as trustee (in such capacity and together with any successors in such capacity, the "Trustee"). The undersigned hereby agrees that this Pledge Amendment may be attached to the Security Agreement and that the Intercompany Loan Documents listed on this Pledge Amendment shall be deemed to be and shall become part of the Pledged Collateral and shall secure all Secured Obligations.

INTERCOMPANY LOAN DOCUMENTS

ISSUER	PRINCIPAL AMOUNT	DATE OF ISSUANCE	INTEREST RATE	MATURITY DATE
--------	------------------	------------------	---------------	---------------

[_____] as Pledgor

By: _____
 Name:
 Title:

AGREED TO AND ACCEPTED:
 [_____] as Trustee

By: _____
 Name:
 Title:

By: _____

Name:

Title:

CH734733.5

TRADEMARK
REEL: 003158 FRAME: 0195

[Form of]

JOINDER AGREEMENT

[Name of New Pledgor]
[Address of New Pledgor][Date]

Ladies and Gentlemen:

Reference is made to that certain security agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement;" capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of December 23, 2004, made by MagnaChip Semiconductor Finance Company, a Delaware corporation ("Issuer"), and the Guarantors party thereto in favor of The Bank of New York, as trustee (in such capacity and together with any successors in such capacity, the "Trustee").

This letter supplements the Security Agreement and is delivered by the undersigned, [] (the "New Pledgor"), pursuant to Section 3.4 of the Security Agreement. The New Pledgor hereby agrees to be bound as a Guarantor and as a Pledgor by all of the terms, covenants and conditions set forth in the Security Agreement to the same extent that it would have been bound if it had been a signatory to the Security Agreement on the execution date of the Security Agreement. The New Pledgor also hereby agrees to be bound as a party by all of the terms, covenants and conditions set forth in the Indenture to the same extent that it would have been bound if it had been a signatory to the Indenture on the execution date of the Indenture. Without limiting the generality of the foregoing, the New Pledgor hereby grants and pledges to the Trustee, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, a Lien on and security interest in, all of its right, title and interest in, to and under the Pledged Collateral and expressly assumes all obligations and liabilities of a Guarantor and Pledgor thereunder. The New Pledgor hereby makes each of the representations and warranties and agrees to each of the covenants applicable to the Pledgors contained in the Security Agreement and the Indenture.

Annexed hereto are supplements to each of the schedules to the Security Agreement and the Indenture, as applicable, with respect to the New Pledgor. Such supplements shall be deemed to be part of the Security Agreement or the Indenture, as applicable.

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This agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

CH734733.5

TRADEMARK
REEL: 003158 FRAME: 0197

IN WITNESS WHEREOF, the New Pledgor has caused this letter agreement to be executed and delivered by its duly authorized officer as of the date first above written.

[NEW PLEDGOR]

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

THE BANK OF NEW YORK,
as Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

[Schedules to be attached]

SCHEDULE 1.1(b)

Prior Liens

<u>DEBTOR</u>	<u>JURISDICTION</u>	<u>SECURED PARTY</u>	<u>FILE NUMBER/DATE</u>	<u>COLLATERAL</u>
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CH734733.2

JOINDER AGREEMENT

IC Media Corporation
5201 Great America Parkway
Suite 422
Santa Clara, CA 95054

May 31, 2005

The Bank of New York
101 Barclay Street, 8W
New York, New York 10286
Attention: Corporate Trust Division - Corporate Finance Unit

Ladies and Gentlemen:

Reference is made to that certain security agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement," capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of December 23, 2004, made by MagnaChip Semiconductor Finance Company, a Delaware corporation ("Issuer"), and the Guarantors party thereto in favor of The Bank of New York, as trustee (in such capacity and together with any successors in such capacity, the "Trustee").

This letter supplements the Security Agreement and is delivered by the undersigned, IC Media Corporation (the "New Pledgor"), pursuant to Section 3.4 of the Security Agreement. The New Pledgor hereby agrees to be bound as a Guarantor and as a Pledgor by all of the terms, covenants and conditions set forth in the Security Agreement to the same extent that it would have been bound if it had been a signatory to the Security Agreement on the execution date of the Security Agreement. The New Pledgor also hereby agrees to be bound as a party by all of the terms, covenants and conditions set forth in the Indenture to the same extent that it would have been bound if it had been a signatory to the Indenture on the execution date of the Indenture. Without limiting the generality of the foregoing, the New Pledgor hereby grants and pledges to the Trustee, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, a Lien on and security interest in, all of its right, title and interest in, to and under the Pledged Collateral and expressly assumes all obligations and liabilities of a Guarantor and Pledgor thereunder. Except as noted in the supplement to the schedules to the Security Agreement and the Indenture annexed hereto, the New Pledgor hereby makes each of the representations and warranties as to the New Pledgor only as of the date hereof and agrees to each of the covenants applicable to the Pledgors contained in the Security Agreement and the Indenture.

Annexed hereto are supplements to each of the schedules to the Security Agreement and the Indenture, as applicable, with respect to the New Pledgor. Such supplements

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TRADEMARK
REEL: 003158 FRAME: 0200

shall be deemed to be part of the Security Agreement or the Indenture, as applicable and shall be current as of the date hereof.

This agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Pledgor has caused this letter agreement to be executed and delivered by its duly authorized officer as of the date first above written.

IC MEDIA CORPORATION

By: 

Name: Eric Williams
Title: President and CEO

AGREED TO AND ACCEPTED:

THE BANK OF NEW YORK,
as Trustee

By: _____

Name:
Title:

[Signature page to BONY Joinder Agreement]

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TRADEMARK
REEL: 003158 FRAME: 0202

SCHEDULE 1.1(b)

Prior Liens

Lien pursuant to that certain Joinder Agreement dated April 28, 2005 to the Security Agreement, dated as of December 23, 2004, made by MagnaChip Semiconductor Finance Company and the Guarantors party thereto in favor of UBS AG, Stamford Branch, as collateral agent.

SCHEDULE 3.4

Locations for Landlord Lien Waivers/Bailee Letters

None

SCHEDULE 4.13

Required Consents

None

SCHEDULE I

PATENT REGISTRATIONS

U.S. Patent Number	Patent Title
6,137,432	A Low-Power Column Parallel ADC in CMOS Image Sensors
6,538,695	On-Chip Fixed Pattern Noise Calibration for CMOS Image Sensor
6,763,127	Apparatus and Method For Fingerprint Recognition System
6,750,955	Compact Prism Optical Fingerprint Sensor with Folded Optical Path

U.S. Patent Application Number	Patent Application Title
09/960,166	Ranking-based Automatic Dark Compensation Circuit
10/002,420	Ultra-thin Optical Fingerprint Sensor with Anamorphic Optics
10/026,094	2D imaging data collection sensor with matching illuminator
10/112,265	Image Signal Compression Method and Apparatus
10/165,716	Sensor Driver for Adaptive Configuration
10/305,334	Programmable Register and Method for Sensor Wavetable Processing
10/197,951	Method and System for Testing Image Sensor System-on Chip
10/188,601	Freeze Frame Exposure Cell Apparatus and Method
10/141,450	Method and System for Single-Chip Camera
10/153,021	Biometric Identity Verifiers and Methods
10/223,157	Method and System for Automatic White Balancing
10/228,882	Method of improving reset for achieving a noise-free DSC image for CMOS image sensors
10/263,533	A method for integrating CMOS image sensor for video applications using line color pattern
Pending; Filed on 02/25/05	Optically Improved CMOS Imaging Sensor Structure to Lower Imaging Lens Requirements
10/446,879	Method and System for Image Sensor Read-Out
10/660,864	Method and System for Image Chroma Suppression
10/464,924	Low-Leakage CMOS Image Pixel Structures Employing Asymmetrical Reset Transistor
10/654,198	Buried Contact Pixel (BCP) Structures for Enhanced Low Lux CMOS Imaging Sensors
11/051,320	Method and System for Fixing Defective Pixels
11/004,465	Microlens Alignment Procedures in CMOS Image Sensor Design
11/004,376	Image Pixel Design to Enhance the Uniformity of Intensity Distribution on Digital Image Sensors

U.S. Patent Application Number	Patent Application Title
11/003,824	System and Method to Enhance the Uniformity of Intensity Distribution on Digital Imaging Sensors
10/976,693	CMOS Imaging Sensor with Optimized Photosensor Shape
10/977,231	Miniature Image Module with Detachable Lens Group
10/973,540	Auto-focusing Lens with Progressive Variable Focal Element
10/973,527	Mobile Zoom Imaging Module with Folded Optical Front
10/973,222	Automatic Bench Tester for Mobile Camera System
Pending; Filed on 02/25/05	Diffusion Bias Control for Improving Sensitivity of CMOS Active Pixel Sensors
10/996,298	Miniature Image Module with COB Feature Accomodation
Pending; Filed on 02/18/05	Method for Locally Reducing Row Noise
Pending; Filed on 02/18/05	Method for Reducing Row Noise With Dark Pixel Data
Pending; Filed on 03/16/05	System for Digital Light Sources
To be filed	System Methodology for Color Filter Design and Color Reproduction under Effect of Pixel Crosstalk in CMOS Image Sensor

Abandoned U.S. Patent Application Number	Abandoned Patent Application Title
09/686,728	Apparatus and Method for a Fingerprint Sensing Device Having an Embedded Analog to Digital Converter and Gamma Correction

There are no Patent Licenses.

SCHEDULE I

TRADEMARK REGISTRATIONS

U.S. Trademark Application Number	Trademark
78/480,479	IC Media (and Design)
78/480,486	SapphirePixel Technology
78/480,489	EmeraldPixel Technology
78/480,493	DiamondPixel Technology
78/480,497	RubyPixel Technology
78/480,501	TopazPixel Technology

The following is a list of Trademark Licenses:

Distributor Agreement, dated as of February 9, 2001, between IC Media Corporation and Universe Electron Corporation

Distributor Agreement, dated as of January 15, 2003, between IC Media Corporation and Vitec Ltd

Joint Marketing Agreement, dated as of March 1, 2005, between the Company and Pluschip Inc.

Joint Marketing Agreement, dated as of November 24, 2004, between the Company and Empia Inc.

Joint Marketing Agreement, dated as of December 2, 2004, between the Company and Seiko Epson Corporation.

Joint Marketing Agreement, dated as of November 24, 2004, between the Company and Mtekvision Corporation.