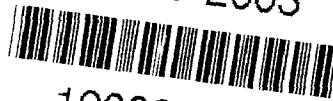


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Tab settings

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

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

1. Name of conveying party(ies):

Butler Animal Health Supply, LLC

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

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

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other Second Lien Guarantee & Collateral

Execution Date: Agreement, dated July 1, 2005

2. Name and address of receiving party(ies)

Name: Bear Stearns Corporate Lending Inc.

Internal Address:

Street Address: 383 Madison Avenue

City: New York State: NY Zip: 10179

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

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

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

A. Trademark Application No.(s) See attached Exhibit B

B. Trademark Registration No.(s) See attached Exhibit B

Additional number(s) attached  Yes  No

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

Name: Elisabeth Falaleev

Internal Address: Paul, Hastings, Janofsky &

Walker LLP

Street Address: 1055 Washington Boulevard

City: Stamford State: CT Zip: 06901

6. Total number of applications and registrations involved:

27

7. Total fee (37 CFR 3.41).....\$ 690.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Elisabeth Falaleev

Name of Person Signing

*Elisabeth Falaleev*  
Signature

08/01/2005

Date

Total number of pages including cover sheet, attachments, and document: 62

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

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**Exhibit A**  
**Additional Names of Conveying Parties (Item 1)**

Butler Solutions, LLC

**Exhibit B**  
**Trademark registration and application numbers (Item 4)**

Butler Animal Health Supply, LLC

<u>Trademark</u>	<u>Application Serial No.</u>	<u>Registration Number</u>	<u>Registration Date</u>
Butler, B + Design		1,204,239	8/10/1982
Butler		1,204,240	8/10/1982
Butler, B + Design		1,244,916	7/12/1983
B + Design		1,246,697	8/2/1983
Butler		1,244,917	7/12/1983
AccessButler.com		2,711,874	4/29/2003
OXYBIOTIC		2,181,712	8/18/1998
PHARMLINK		2,664,252	12/17/2002
BOVADERM		1,959,404	2/27/1996
PARID EQ		2,795,945	12/16/2003
BVS		2,395,956	10/17/2000
CLINCAPS		2,800,827	12/30/2003
CLINDROPS		2,400,411	10/31/2000
VETUS ANIMAL HEALTH		2,467,281	7/10/2001
VETUS FELILAX		2,902,366	11/9/2004
VETUS FELITONE-T		2,902,367	11/9/2004
MEGA-O R CAPS		2,943,942	4/26/2005
MEGA-O ES CAPS		2,943,943	4/26/2005
PRAZIJECT		2,942,901	4/19/2005
PRAZITABS		2,937,011	3/29/2005
CARPROFLEX TABLETS**	78/433,096		6/10/2004*
VETAMECTIN EQUINE ORAL SOLUTION	78/511,295		11/4/2004*
VETAMECTIN-CS INJECTABLE	78/511,283		11/4/2004*
VETUS ANTI-OX TABS	78/224,831		3/12/2003*
VETUS MAGIC CARPET STAIN REMOVER**	78/320,948		10/30/2003*
VETUS SUPPLI-CAL**	78/320,941		10/30/2003*

\* Filing date for application.

\*\* [ITU – no security interest granted until amendment or statement of use]

Butler Solutions, LLC

<u>Trademark</u>	<u>Application Serial No.</u>	<u>Registration Number</u>	<u>Registration Date</u>
DVM Manager	76/502,060		3/26/2003*

\* Filing date for application.

**Exhibit C**  
**First Lien Guarantee and Collateral Agreement**

**SECOND LIEN GUARANTEE AND COLLATERAL AGREEMENT**

**made by**

**VET SUPPLY ACQUISITION CORPORATION,  
BUTLER ANIMAL HEALTH HOLDING COMPANY LLC, and  
BUTLER ANIMAL HEALTH SUPPLY, LLC**

**and certain of their Subsidiaries**

**in favor of**

**BEAR STEARNS CORPORATE LENDING INC.**

**as Second Lien Collateral Agent**

**Dated as of July 1, 2005**

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SECOND LIEN GUARANTEE AND COLLATERAL AGREEMENT, dated as of July 1, 2005, made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of BEAR STEARNS CORPORATE LENDING INC., as Second Lien Collateral Agent (in such capacity, the "Second Lien Collateral Agent") for the banks, financial institutions and other entities (the "Lenders") from time to time parties to the Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Vet Supply Acquisition Corporation, a Delaware corporation ("Vet Supply"), Butler Animal Health Holding Company LLC, a Delaware limited liability company ("Holdings"), Butler Animal Health Supply, LLC, a Delaware limited liability company ("Butler"), and collectively with Vet Supply and Holdings, the "Borrowers"), the Lenders, Bear Stearns & Co. Inc., as sole lead arranger and sole bookrunner (in such capacity, the "Arranger"), Wells Fargo Bank, N.A., as syndication agent, the Administrative Agent thereunder, Bear Stearns Corporate Lending, Inc., as First Lien Collateral Agent, and the Second Lien Collateral Agent.

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Borrowers are members of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement and the proceeds under the Specified Hedge Agreements will be used in part to enable the Borrowers to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Borrowers and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement and the making of financial accommodations under the Specified Hedge Agreements; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrowers under the Credit Agreement and of the Second Lien Qualified Counterparties to provide financial accommodations under the Specified Hedge Agreements that the Grantors shall have executed and delivered this Agreement to the Second Lien Collateral Agent for the ratable benefit of the Second Lien Secured Parties;

NOW, THEREFORE, in consideration of the premises and to induce the Second Lien Collateral Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrowers thereunder, and to induce the Second Lien Qualified Counterparties to enter into the Specified Hedge Agreements and provide financial accommodations thereunder, each Grantor hereby agrees with the Second Lien Collateral Agent, for the ratable benefit of the Second Lien Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1 **Definitions.** (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: Accounts, Certificated Security, Chattel Paper, Commercial Tort Claims, Documents, Equipment, General Intangibles, Goods, Instruments, Inventory, Letter-of-Credit Rights and Supporting Obligations.

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

**"Agreement"**: this Second Lien Guarantee and Collateral Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

**"Borrower Credit Agreement Obligations"**: the collective reference to the unpaid principal of and interest on the Second Lien Loans and all other obligations and liabilities of the Borrowers (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Second Lien Loans and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrowers, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Second Lien Collateral Agent or any Second Lien Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, this Agreement, the other Loan Documents, or any other document made, delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Second Lien Collateral Agent or to the Second Lien Lenders that are required to be paid by the Borrowers pursuant to the terms of any of the foregoing agreements).

**"Borrower Hedge Agreement Obligations"**: the collective reference to all obligations and liabilities of the Borrowers (including, without limitation, interest accruing at the then applicable rate provided in any Specified Hedge Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrowers, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to any Second Lien Qualified Counterparty, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, any Specified Hedge Agreement or any other document made, delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the relevant Lender or affiliate thereof that are required to be paid by the Borrowers pursuant to the terms of any Specified Hedge Agreement).

**"Borrower Obligations"**: the collective reference to (i) the Borrower Credit Agreement Obligations, (ii) the Borrower Hedge Agreement Obligations, but only to the extent that, and only so long as, the Borrower Credit Agreement Obligations are secured and guaranteed

indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement (including, without limitation, all fees and disbursements of counsel to the Second Lien Secured Parties that are required to be paid by the Borrowers pursuant to the terms of this Agreement).

**"Collateral"**: as defined in Section 3.

**"Collateral Account"**: any collateral account established by the Second Lien Collateral Agent as provided in Section 6.1 or 6.4.

**"Contracts"**: the contracts and agreements listed in Schedule 7, as the same may be amended, supplemented or otherwise modified from time to time.

**"Copyrights"**: (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished (including, without limitation, those listed in Schedule 6), all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, and (ii) the right to obtain all renewals thereof.

**"Copyright Licenses"**: any written agreement naming any Grantor as licensor or licensee (including, without limitation, those listed in Schedule 6), granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

**"Deposit Account"**: as defined in the Uniform Commercial Code of any applicable jurisdiction and, in any event, including, without limitation, any demand, time, savings, passbook or like account maintained with a depository institution.

**"Foreign Subsidiary"**: any Subsidiary organized under the laws of any jurisdiction outside the United States of America.

**"Foreign Subsidiary Voting Stock"**: the voting Capital Stock of any Excluded Foreign Subsidiary.

**"Guarantor Obligations"**: with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under or in connection with this Agreement (including, without limitation, Section 2) or any other Loan Document to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Second Lien Secured Parties that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Loan Document to which such Guarantor is a party).

**"Guarantors"**: the collective reference to each Grantor other than the Borrowers.

**"Intellectual Property"**: the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or

foreign laws or otherwise, including, without limitation, the Copyrights, the Patents and the Trademarks, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

**"Intercompany Note"**: any promissory note evidencing loans made by any Grantor to any Group Member.

**"Investment Property"**: the collective reference to (i) all "investment property" as such term is defined in Section 9-102(a)(49) of the New York UCC (other than any Foreign Subsidiary Voting Stock excluded from the definition of "Pledged Stock") and (ii) whether or not constituting "investment property" as so defined, all Pledged Notes and all Pledged Stock.

**"IP Licenses"**: the collective reference to the Copyright Licenses, Patent Licenses and Trademark Licenses.

**"Issuers"**: the collective reference to each issuer of any Investment Property.

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

**"Obligations"**: (i) in the case of the Borrowers, the Borrower Obligations, and (ii) in the case of each Guarantor, its Guarantor Obligations.

**"Patents"**: (i) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, including, without limitation, any of the foregoing referred to in Schedule 6, (ii) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any of the foregoing referred to in Schedule 6, and (iii) all rights to obtain any reissues or extensions of the foregoing.

**"Patent License"**: any written agreement providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including, without limitation, any of the foregoing referred to in Schedule 6.

**"Pledged Notes"**: all promissory notes listed on Schedule 2, all Intercompany Notes at any time issued to any Grantor and all other promissory notes issued to or held by any Grantor (other than promissory notes issued in connection with extensions of trade credit by any Grantor in the ordinary course of business).

**"Pledged Stock"**: the shares of Capital Stock listed on Schedule 2, together with any other shares, stock certificates, options, interests or rights of any nature whatsoever in respect of the Capital Stock of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect, provided that in no event shall more than 65% of the total outstanding Foreign Subsidiary Voting Stock of any Excluded Foreign Subsidiary be required to be pledged hereunder.

**"Proceeds"**: all "proceeds" as such term is defined in Section 9-102(a)(64) of the New York UCC on the date hereof and, in any event, shall include, without limitation, all

dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

**"Receivable"**: any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

**"Securities Act"**: the Securities Act of 1933, as amended.

**"Trademarks"**: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, including, without limitation, any of the foregoing referred to in Schedule 6, and (ii) the right to obtain all renewals thereof, provided, however, that Trademarks shall exclude in all cases all intent-to-use United States trademark applications for which an amendment to allege use or statement of use has not been filed under 15 U.S.C. §1051(c) or (d), respectively, or if filed, has not been deemed in conformance with 15 U.S.C. §1051(a) or examined and accepted, respectively, by the United States Patent and Trademark Office, provided that upon such filing and acceptance, such intent-to-use applications shall be included in the definition of "Trademarks".

**"Trademark License"**: any written agreement providing for the grant by or to any Grantor of any right to use any Trademark, including, without limitation, any of the foregoing referred to in Schedule 6.

**"Vehicles"**: all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state and, in any event including, without limitation, all tires and other appurtenances to any of the foregoing.

1.2 **Other Definitional Provisions.** (a) The words "hereof," "herein," "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

## SECTION 2. GUARANTEE

2.1 **Guarantee.** (a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Second Lien Collateral Agent, for the ratable

benefit of the Second Lien Secured Parties and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrowers when due (whether at the stated maturity, by acceleration or otherwise, but after the expiration of any grace period or the giving of any required notice provided for in the Credit Agreement or any other Loan Document) of the Borrower Obligations.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Guarantor agrees that the Borrower Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of the Second Lien Collateral Agent hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until all the Borrower Obligations and the obligations of each Guarantor under the guarantee contained in this Section 2 shall have been satisfied by payment in full, no Letter of Credit shall be outstanding and the Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement the Borrowers may be free from any Borrower Obligations.

(e) No payment made by the Borrowers, any of the Guarantors, any other guarantor or any other Person or received or collected by any Second Lien Secured Party from the Borrowers, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated.

**2.2 Right of Contribution.** Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Second Lien Secured Parties, and each Guarantor shall remain liable to the Second Lien Secured Parties for the full amount guaranteed by such Guarantor hereunder.

**2.3 No Subrogation.** Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by any Second Lien Secured

Party, no Guarantor shall be entitled to be subrogated to any of the rights of any Second Lien Secured Party against the Borrowers or any other Guarantor or any collateral security or guarantee or right of offset held by any Second Lien Secured Party for the payment of the Borrower Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrowers or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Second Lien Secured Parties by the Borrowers on account of the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Borrower Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Second Lien Secured Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Second Lien Collateral Agent in the exact form received by such Guarantor (fully indorsed by such Guarantor to the Second Lien Collateral Agent, if required), to be applied against the Borrower Obligations, whether matured or unmatured, in such order as the Second Lien Collateral Agent may determine.

**2.4 Amendments, etc. with respect to the Borrower Obligations.** Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by any Second Lien Secured Party may be rescinded by such Second Lien Secured Party and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by any Second Lien Secured Party, and the Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Second Lien Collateral Agent (or the requisite Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Second Lien Secured Party for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released. No Agent or Second Lien Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

**2.5 Guarantee Absolute and Unconditional.** Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and notice of or proof of reliance by any Second Lien Secured Party upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Borrowers and any of the Guarantors, on the one hand, and the Second Lien Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrowers or any of the Guarantors with respect to the Borrower Obligations to the extent permitted by law. Each Guarantor understands and

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agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (1) the validity or enforceability of the Credit Agreement or any other Loan Document, any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Second Lien Secured Party, (2) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrowers or any other Person against any Second Lien Secured Party or (3) any other circumstance whatsoever (with or without notice to or knowledge of the Borrowers or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrowers for the Borrower Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Second Lien Collateral Agent may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrowers, any other Guarantor or any other Person or against any collateral security or guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure by the Second Lien Collateral Agent to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrowers, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrowers, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Second Lien Collateral Agent against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

**2.6 Reinstatement.** The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Borrower Obligations is rescinded or must otherwise be restored or returned by the Second Lien Collateral Agent or any Second Lien Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrowers or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrowers or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

**2.7 Payments.** Each Guarantor hereby guarantees that payments hereunder will be paid to the Second Lien Collateral Agent without set-off or counterclaim in Dollars at the payment office specified in the Credit Agreement.

### SECTION 3. GRANT OF SECURITY INTEREST

Each Grantor hereby assigns and transfers to the Second Lien Collateral Agent, and hereby grants to the Second Lien Collateral Agent, for the ratable benefit of the Second Lien Secured Parties, a security interest in, all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of each Grantor's Obligation:



- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Contracts;
- (d) all Deposit Accounts;
- (e) all Documents (other than title documents with respect to Vehicles);
- (f) all Equipment;
- (g) all General Intangibles;
- (h) all Instruments;
- (i) all Intellectual Property;
- (j) all Inventory;
- (k) all Investment Property;
- (l) all Letter-of-Credit Rights;
- (m) all Vehicles and, subject to Section 5.12, title documents with respect to Vehicles;
- (n) all Commercial Tort Claims;
- (o) all Goods and other property not otherwise described above (except for any property specifically excluded from any clause in this section above, and any property specifically excluded from any defined term used in any clause of this section above);
- (p) all books and records pertaining to the Collateral; and
- (q) to the extent not otherwise included, all Proceeds, Supporting Obligations and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing;

provided, however, that notwithstanding any of the other provisions set forth in this Section 3, this Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest is prohibited by any Requirements of Law of a Governmental Authority, requires a consent not obtained of any Governmental Authority pursuant to such Requirement of Law or is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property or, in the case of any Investment Property, Pledged Stock or Pledged Note, any applicable shareholder or similar agreement, except to the extent that such Requirement of Law or the term in such contract, license, agreement, instrument or other document or shareholder or similar agreement providing

for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law.

#### SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Second Lien Collateral Agent and the Second Lien Lenders to enter into the Credit Agreement and to induce the Second Lien Lenders to make their respective extensions of credit to the Borrowers thereunder, and to induce the Second Lien Qualified Counterparties to enter into the Specified Hedge Agreements and to make financial accommodations thereunder, each Grantor hereby represents and warrants to each Second Lien Secured Party that:

**4.1 Representations in Credit Agreement.** In the case of each Grantor, the representations and warranties set forth in Section 5 of the Credit Agreement as they relate to such Grantor or to the Loan Documents to which such Grantor is a party, each of which is hereby incorporated herein by reference, are true and correct, each Second Lien Secured Party shall be entitled to rely on each of them as if they were fully set forth herein; provided that each reference in each such representation and warranty to the Borrowers' knowledge shall, for the purposes of this Section 4.1, be deemed to be a reference to such Grantor's knowledge.

**4.2 Title; No Other Liens.** Except for the security interest granted to the Second Lien Collateral Agent for the ratable benefit of the Second Lien Secured Parties pursuant to this Agreement and the other Liens permitted to exist on the Collateral by the Credit Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Second Lien Collateral Agent, for the ratable benefit of the Second Lien Secured Parties, pursuant to this Agreement or as are permitted by the Credit Agreement. For the avoidance of doubt, it is understood and agreed that any Grantor may, as part of its business, grant licenses to third parties to use Intellectual Property owned or developed by a Grantor. For purposes of this Agreement and the other Loan Documents, such licensing activity shall not constitute a "Lien" on such Intellectual Property. Each Second Lien Secured Party understands that any such licenses may be exclusive to the applicable licensee, and such exclusivity provisions may limit the ability of the Second Lien Collateral Agent to utilize, sell, lease or transfer the related Intellectual Property or otherwise realize value from such Intellectual Property pursuant hereto.

**4.3 Perfected Second Priority Liens.** Upon the filing of appropriate financing statements against each Grantor in the jurisdictions specified in Schedule 3 hereto and the filing of this Agreement with the United States Patent and Trademark Office and the United States Copyright Office to the extent such filing can result in perfection, the security interests granted pursuant to this Agreement constitute valid perfected security interests in all of the Collateral in favor of the Second Lien Collateral Agent, for the ratable benefit of the Second Lien Secured Parties, as collateral security for such Grantor's Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor and are prior to all other Liens on the Collateral in existence on the date hereof except for Liens in favor of the First Lien Collateral Agent, for the ratable benefit of

the First Lien Lenders, and other Liens permitted by the Credit Agreement which have priority over the Liens on the Collateral by operation of law.

**4.4 Jurisdiction of Organization; Chief Executive Office.** On the date hereof, such Grantor's jurisdiction of organization, identification number from the jurisdiction of organization (if any), and the location of such Grantor's chief executive office or sole place of business, as the case may be, are specified on Schedule A. Such Grantor has furnished to the Second Lien Collateral Agent a certified charter, certificate of incorporation or other organization document and long-form good standing certificate as of a date which is recent to the date hereof.

**4.5 Inventory and Equipment.** On the date hereof, the Inventory and the Equipment (other than mobile goods) having an aggregate fair market value of \$10,000 or more are kept at the locations listed on Schedule 5.

**4.6 Membership Interests.** On the date hereof, except as indicated on Schedule 2, none of the Pledged Stock of any Subsidiary which is a limited liability company pledged by such Grantor is evidenced by any certificate issued by such Subsidiary and is not a security under Article 8 of the Uniform Commercial Code of the jurisdiction in which such Subsidiary is organized.

**4.7 Investment Property.** (a) The shares of Pledged Stock pledged by such Grantor hereunder constitute all the issued and outstanding shares of all classes of the Capital Stock of each Issuer owned by such Grantor or, in the case of Foreign Subsidiary Voting Stock, if less, 65% of the outstanding Foreign Subsidiary Voting Stock of each relevant Issuer.

(b) All the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable; provided that, with respect to the Pledged Stock consisting of membership interests of any pledged entity, except as provided under the Delaware Limited Liability Company Act.

(c) Each of the Pledged Notes, to the knowledge of the Borrowers, constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(d) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Investment Property pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement or by the First Lien Guarantee and Collateral Agreement.

**4.8 Receivables.** (e) No amount payable to such Grantor under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper in excess of \$250,000 which has not been delivered to the First Lien Collateral Agent and which, pursuant to the Intercreditor Agreement, will be delivered to the Second Lien Collateral Agent upon the occurrence of the First Priority Obligations Payment Date (as defined in the Intercreditor Agreement).

(b) None of the obligors on any Receivables is a Governmental Authority except as disclosed to the Second Lien Collateral Agent in writing.

**4.9 Contracts.** (a) On the date hereof, to the best of such Grantor's knowledge, except as otherwise would not have a Material Adverse Effect, each Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the Grantor party thereto and the other parties thereto, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(b) No amount payable to such Grantor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the First Lien Collateral Agent as provided in the First Lien Guarantee and Collateral Agreement and which, pursuant to the Intercreditor Agreement, will be delivered to the Second Lien Collateral Agent upon the occurrence of the First Priority Obligations Payment Date (as defined in the Intercreditor Agreement).

(c) None of the parties to any Contract is a Governmental Authority except as disclosed to the Second Lien Collateral Agent in writing.

**4.10 Intellectual Property.** (a) Schedule 6 lists all applications or registrations for Intellectual Property, whether granted by the United States Patent and Trademark Office or any foreign equivalent agency, owned by such Grantor in its own name on the date hereof and all material IP Licenses.

(b) On the date hereof, no material Intellectual Property of such Grantor described on Schedule 6 (i) has been adjudicated as invalid, not subsisting, expired or, to the knowledge of such Grantor, unenforceable, (ii) has been abandoned or (iii) to the knowledge of such Grantor, infringes the intellectual property rights of any other Person.

(c) Except as set forth in Schedule 6, on the date hereof, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

(d) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or such Grantor's rights in, any Intellectual Property in any respect that could reasonably be expected to have a Material Adverse Effect.

(e) No action or proceeding is pending, or, to the knowledge of such Grantor, threatened, on the date hereof (1) seeking to limit, cancel or question the validity of any Intellectual Property or such Grantor's ownership interest therein, or (2) which, if adversely determined, would have a material adverse effect on the value of any Intellectual Property.

**4.11 Vehicles.** As of the date hereof, no Grantor owns any Vehicles.

**4.12 Commercial Tort Claims.**

(a) On the date hereof, except to the extent listed in Section 3.1 above, no Grantor has rights in any Commercial Tort Claim with potential value in excess of \$250,000.

(b) Upon the filing of a financing statement covering any Commercial Tort Claim referred to in Section 5.11 hereof against such Grantor in the jurisdiction specified in Schedule 3 hereto, the security interest granted in such Commercial Tort Claim will constitute a valid perfected security interest in favor of the Second Lien Collateral Agent, for the ratable benefit of the Second Lien Secured Parties, as collateral security for such Grantor's Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase such Collateral from Grantor, which security interest shall be prior to all other Liens on such Collateral except for Liens in favor of the First Lien Collateral Agent, for the ratable benefit of the First Lien Lenders, and unrecorded liens permitted by the Credit Agreement which have priority over the Liens on such Collateral by operation of law.

### SECTION 5. COVENANTS

Each Grantor covenants and agrees with each Second Lien Secured Party that, from and after the date of this Agreement until the Obligations shall have been paid in full, no Letter of Credit shall be outstanding and the Commitments shall have terminated:

5.1 Covenants in Credit Agreement. In the case of each Guarantor, such Guarantor shall take, or shall refrain from taking, as the case may be, each action that is necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by such Guarantor.

5.2 Delivery of Instruments, Certificated Securities and Chattel Paper. Subject to the Intercreditor Agreement, if any amount payable under or in connection with any of the Collateral in excess of \$250,000 shall be or become evidenced by any Instrument (other than checks received in the ordinary course of business), Certificated Security or Chattel Paper, such Instrument, Certificated Security or Chattel Paper shall be promptly delivered to the First Lien Collateral Agent, duly indorsed in a manner satisfactory to the First Lien Collateral Agent, to be held as Collateral pursuant to this Agreement and which, pursuant to the Intercreditor Agreement, will be delivered to the Second Lien Collateral Agent, duly indorsed in a manner satisfactory to the Second Lien Collateral Agent, upon the occurrence of the First Priority Obligations Payment Date (as defined in the Intercreditor Agreement).

5.3 Maintenance of Insurance. (a) Such Grantor will maintain, with financially sound and reputable companies, insurance policies (i) insuring the Inventory, Equipment and Vehicles against loss by fire, explosion, theft and such other casualties as may be reasonably satisfactory to the Second Lien Collateral Agent and (ii) to the extent requested by the Second Lien Collateral Agent, insuring such Grantor, the Second Lien Secured Parties against liability for personal injury and property damage relating to such Inventory, Equipment and Vehicles, such policies to be in such form and amounts and having such coverage as may be reasonably satisfactory to the Second Lien Collateral Agent.

(b) All such insurance shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Second Lien Collateral Agent of written notice thereof, (ii) name the Second Lien Collateral Agent as insured party or loss payee (subject to the Intercreditor Agreement) and (iii) be reasonably satisfactory in all other respects to the Second Lien Collateral Agent.

(c) The Borrowers shall deliver to the Second Lien Collateral Agent and the Second Lien Lenders a report of a reputable insurance broker with respect to such insurance substantially concurrently with the delivery by the Borrowers to the Second Lien Collateral Agent of their audited financial statements for each fiscal year and such supplemental reports with respect thereto as the Second Lien Collateral Agent may from time to time reasonably request.

5.4 **Payment of Obligations.** Such Grantor will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of such Grantor and such proceedings could not reasonably be expected to result in the sale, forfeiture or loss of any material portion of the Collateral or any interest therein.

5.5 **Maintenance of Perfected Security Interest; Further Documentation.** (a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest to the extent a perfected security interest was created having at least the priority described in Section 4.3 and shall defend such security interest against the claims and demands of all Persons whomsoever other than claims or demands related to Liens permitted under the Credit Agreement.

(b) Such Grantor will furnish to the Second Lien Collateral Agent from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection with the Collateral as the Second Lien Collateral Agent may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of the Second Lien Collateral Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Second Lien Collateral Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (1) the filing of any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (2) subject to the Intercreditor Agreement, in the case of Investment Property, Deposit Accounts, Letter-of-Credit Rights and any other relevant Collateral, taking any actions necessary to enable the Second Lien Collateral Agent to

obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto.

**5.6 Changes in Location, Name, etc.** Such Grantor will not, except upon 10 days' prior written notice to the Second Lien Collateral Agent and delivery to the Second Lien Collateral Agent of (1) all additional executed financing statements and other documents reasonably requested by the Second Lien Collateral Agent to maintain the validity, perfection and priority of the security interests provided for herein and (2) if applicable, a written supplement to Schedule 5 showing any additional location at which Inventory or Equipment shall be kept:

(a) change its jurisdiction of organization or the location of its chief executive office or sole place of business from that referred to in Section 4.4; or

(b) change its name, identity or corporate structure to such an extent that any financing statement filed by the Second Lien Collateral Agent in connection with this Agreement would become misleading.

**5.7 Notices.** Upon having knowledge of the following, such Grantor will advise the Second Lien Collateral Agent promptly, in reasonable detail, of:

(a) any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral which would adversely affect the ability of the Second Lien Collateral Agent to exercise any of its remedies hereunder; and

(b) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby.

**5.8 Investment Property.** (a) Subject to the Intercreditor Agreement, if such Grantor shall become entitled to receive or shall receive any stock or equity certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Capital Stock of any issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Stock, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Second Lien Secured Parties, hold the same in trust for the Second Lien Secured Parties and deliver the same forthwith to the First Lien Collateral Agent in the exact form received, duly indorsed by such Grantor to the First Lien Collateral Agent, if required, together with an undated stock power covering such certificates duly executed in blank by such Grantor and with, if the First Lien Collateral Agent so requests, signature guaranteed, to be held by the First Lien Collateral Agent, subject to the terms hereof, as additional collateral security for the Obligations and which, pursuant to the Intercreditor Agreement, will be delivered to the Second Lien Collateral Agent upon the occurrence of the First Priority Obligations Payment Date (as defined in the Intercreditor Agreement). Subject to the Intercreditor Agreement, any sums paid upon or in respect of the Investment Property upon the liquidation or dissolution of any issuer shall be paid over to the Second Lien Collateral Agent to be held by it hereunder as additional collateral

security for the Obligations, and in case any distribution of capital shall be made on or in respect of the Investment Property or any property shall be distributed upon or with respect to the Investment Property pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Second Lien Collateral Agent, be delivered to the First Lien Collateral Agent to be held by it hereunder as additional collateral security for the Obligations and which, pursuant to the Intercreditor Agreement, will be delivered to the Second Lien Collateral Agent upon the occurrence of the First Priority Obligations Payment Date (as defined in the Intercreditor Agreement). Subject to the Intercreditor Agreement, if any sums of money or property so paid or distributed in respect of the Investment Property shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to the Second Lien Collateral Agent, hold such money or property in trust for the Second Lien Secured Parties, segregated from other funds of such Grantor, as additional collateral security for the Obligations.

(b) Subject to the Intercreditor Agreement, without the prior written consent of the Second Lien Collateral Agent, such Grantor will not (i) vote to enable, or take any other action to permit, any Issuer to issue any stock or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of any nature of any Issuer, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Investment Property or Proceeds thereof (except pursuant to a transaction expressly permitted by the Credit Agreement), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or permitted under the Credit Agreement or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Second Lien Collateral Agent to sell, assign or transfer any of the Investment Property or Proceeds thereof.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Investment Property issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Second Lien Collateral Agent promptly in writing of the occurrence of any of the events described in Section 6.3(a) with respect to the Investment Property issued by it and (iii) the terms of Sections 6.3(c) and 6.7 shall apply to it, *mutatis mutandis*, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 with respect to the Investment Property issued by it.

5.9 Receivables. (a) Other than in the ordinary course of business, such Grantor will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable in any manner that could materially adversely affect the value thereof in such Grantor's good faith business judgment.

(b) Such Grantor will deliver to the Second Lien Collateral Agent a copy of each material demand, notice or document received by it that questions or calls into doubt the:



validity or enforceability of more than 5% of the aggregate amount of the then outstanding Receivables.

**5.10 Intellectual Property.** (a) Such Grantor (either itself or through licensees) will, to the extent commercially reasonable, (i) continue to use each material Trademark on each and every trademark class of goods consistent with past practice, (ii) maintain the quality of products and services offered under such Trademark consistent with past practice, (iii) use such Trademark with the notice of registration and all other notices and legends required by applicable Requirements of Law consistent with past practice, and (iv) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark becomes invalidated or its enforceability impaired in any way, except as could not reasonably be expected to have a Material Adverse Effect.

(b) Such Grantor will not do, or knowingly permit its licensees to do, any act, or omit to do any act, whereby any material Patent becomes forfeited, abandoned or dedicated to the public.

(c) Such Grantor will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of the Copyrights becomes invalidated or otherwise impaired. Such Grantor will not (either itself or through licensees) do any act whereby any material portion of the Copyrights falls into the public domain.

(d) Such Grantor will not do, or knowingly permit its licensees to do, any act that knowingly uses any material Intellectual Property to infringe the intellectual property rights of any other Person.

(e) Such Grantor will notify the Second Lien Collateral Agent immediately if it knows that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country), other than ordinary course office actions concerning Trademark applications, regarding such Grantor's ownership of, or the validity of, any material Intellectual Property or such Grantor's right to register the same or to own and maintain the same.

(f) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Second Lien Collateral Agent within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Second Lien Collateral Agent, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Second Lien Collateral Agent may request to evidence the Second Lien Collateral Agent's security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(g) Such Grantor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of material Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(h) In the event that any material Intellectual Property is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Second Lien Collateral Agent after it learns thereof and, after taking reasonable and customary measures to stop such infringement, sue for infringement, misappropriation or dilution, to seek injunctive relief where such Grantor shall deem such actions appropriate and, where Grantor shall deem such actions appropriate, to recover any and all damages for such infringement, misappropriation or dilution.

**5.11 Commercial Tort Claims.** If such Grantor shall obtain an interest in any Commercial Tort Claim with a potential value in excess of \$250,000, such Grantor shall within 30 days of obtaining such interest sign and deliver documentation acceptable to the Second Lien Collateral Agent granting a security interest under the terms and provisions of this Agreement in and to such Commercial Tort Claim. Upon the filing of a financing statement covering such Commercial Tort Claim against such Grantor in the jurisdiction specified in Schedule 3 hereto, the security interest granted in such Commercial Tort Claim will constitute a valid perfected security interest in favor of the Second Lien Collateral Agent, for the ratable benefit of the Second Lien Secured Parties, as collateral security for such Grantor's Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase such Collateral from Grantor, which security interest shall be prior to all other Liens on such Collateral except for Liens in favor of the First Lien Collateral Agent, for the ratable benefit of the First Lien Lenders, and unrecorded liens permitted by the Credit Agreement which have priority over the Liens on such Collateral by operation of law.

**5.12 Vehicles.** Within 30 days after the date of acquisition of Vehicles having an aggregate fair market value of \$500,000 or more, all applications for certificates of title indicating the Second Lien Collateral Agent's second priority security interest in the Vehicle covered by such certificate (subject only to Liens in favor of the First Lien Collateral Agent, for the ratable benefit of the First Lien Lenders and unrecorded liens permitted by the Credit Agreement which have priority over the Liens on such Collateral by operation of law), and any other necessary documentation, shall be filed in each office in each jurisdiction which the Second Lien Collateral Agent shall deem advisable to perfect its security interests in such Vehicles. No such Vehicle shall be removed from the state which has issued the certificate of title therefor for a period in excess of 4 months.

## SECTION 6. REMEDIAL PROVISIONS

**6.1 Certain Matters Relating to Receivables** (a) After the occurrence and during the continuance of an Event of Default, the Second Lien Collateral Agent shall have the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Second Lien Collateral Agent may require in connection with such test verifications. Subject to the Intercreditor Agreement, at any time and from time to time after the occurrence and during the continuance of an Event of Default, upon the Second Lien Collateral Agent's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Second Lien Collateral Agent to furnish to the Second Lien Collateral Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

(b) Subject to the Intercreditor Agreement, the Second Lien Collateral Agent hereby authorizes each Grantor to collect such Grantor's Receivables, subject to the Second Lien Collateral Agent's direction and control, and the Second Lien Collateral Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. Subject to the Intercreditor Agreement, after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Second Lien Collateral Agent if required, in a Collateral Account maintained under the sole dominion and control of the Second Lien Collateral Agent pursuant to, and in accordance with, a Control Agreement, subject to withdrawal by the Second Lien Collateral Agent for the account of the Second Lien Secured Parties only as provided in Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Second Lien Secured Parties, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) Subject to the Intercreditor Agreement, after the occurrence and during the continuance of an Event of Default, at the Second Lien Collateral Agent's reasonable request, each Grantor shall deliver to the Second Lien Collateral Agent such documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including, without limitation, all original orders, invoices and shipping receipts.

**6.2 Communications with Obligors: Grantors Remain Liable** (a) The Second Lien Collateral Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables and parties to the Contracts to verify with them to the Second Lien Collateral Agent's satisfaction the existence, amount and terms of any Receivables.

(b) Upon the request of the Second Lien Collateral Agent at any time after the occurrence and during the continuance of an Event of Default, subject to the Intercreditor Agreement, each Grantor shall notify obligors on the Receivables that the Receivables have been assigned to the Second Lien Collateral Agent for the ratable benefit of the Second Lien Secured Parties and that payments in respect thereof shall be made directly to the Second Lien Collateral Agent.

(e) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. No Second Lien Secured Party shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by any Second Lien Secured Party of any payment relating thereto, nor shall the Second Lien Collateral Agent or any Second Lien Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto) or Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

**6.3 Pledged Stock.** (a) Subject to the Intercreditor Agreement, unless an Event of Default shall have occurred and be continuing and the Second Lien Collateral Agent shall have given notice to the relevant Grantor of the Second Lien Collateral Agent's intent to exercise its corresponding rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all dividends paid in respect of the Pledged Stock and all payments made in respect of the Pledged Notes, in each case paid in the normal course of business of the relevant Issuer and consistent with past practice, to the extent permitted in the Credit Agreement, and to exercise all voting and corporate or other organizational rights with respect to the Investment Property, provided, however, that no vote shall be cast or corporate or other organizational right exercised or other action taken which, in the Second Lien Collateral Agent's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) Subject to the Intercreditor Agreement, if an Event of Default shall occur and be continuing and the Second Lien Collateral Agent shall give notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) the Second Lien Collateral Agent shall have the right to receive any and all dividends, payments or other Proceeds paid in respect of the Investment Property and make application thereof to the Obligations in the order set forth in Section 6.5, and (ii) any or all of the Investment Property shall be registered in the name of the Second Lien Collateral Agent or its nominee, and the Second Lien Collateral Agent or its nominee may, during the existence of an Event of Default, exercise (1) all voting, corporate and other rights pertaining to such Investment Property at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (2) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other organizational structure of any Issuer, or upon the exercise by any Grantor or the Second Lien Collateral Agent of any right, privilege or option pertaining to such Investment Property, and in connection therewith, the right to deposit and deliver any and all of the Investment Property with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Second Lien Collateral Agent may determine), all without liability except to account for property actually received by it, but the Second Lien Collateral Agent shall have no duty to any Grantor to

exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Investment Property pledged by such Grantor hereunder to, if the Second Lien Collateral Agent has exercised its rights under Section 6.3(b), (i) comply with any instruction received by it from the Second Lien Collateral Agent in writing that (1) states that an Event of Default has occurred and is continuing and (2) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Investment Property directly to the Second Lien Collateral Agent.

6.4 Proceeds to be Turned Over to Second Lien Collateral Agent. In addition to the rights of the Second Lien Collateral Agent specified in Section 6.1 with respect to payments of Receivables but subject to the Intercreditor Agreement, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Second Lien Collateral Agent for the benefit of the Second Lien Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Second Lien Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Second Lien Collateral Agent, if required). Subject to the Intercreditor Agreement, all Proceeds received by the Second Lien Collateral Agent hereunder shall be held by the Second Lien Collateral Agent in a Collateral Account maintained under its sole dominion and control. Subject to the Intercreditor Agreement, all Proceeds while held by the Second Lien Collateral Agent in a Collateral Account (or by such Grantor in trust for the Second Lien Secured Parties) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 6.5.

6.5 Application of Proceeds. All cash proceeds received by the Second Lien Collateral Agent during the continuance of an Event of Default from the enforcement of the Guarantees in Section 2 or as Proceeds of Collateral from the exercise of any of the remedies set forth in Section 6.6 or elsewhere in this Agreement shall be applied in the following order:

First, to pay incurred and unpaid fees and expenses of the Second Lien Collateral Agent under the Loan Documents;

Second, to the Second Lien Collateral Agent, for application by it towards payment of amounts then due and owing and remaining unpaid in respect of the Obligations, pro rata among the Second Lien Secured Parties according to the amounts of the Obligations then due and owing and remaining unpaid to the Second Lien Secured Parties;

Third, to the Second Lien Collateral Agent, for application by it towards prepayment of the Obligations, pro rata among the Second Lien Secured Parties according to the amounts of the Obligations then held by the Second Lien Secured Parties; and

Fourth, any balance of such Proceeds remaining after the Obligations shall have been paid in full, no Letters of Credit shall be outstanding and the Commitments shall have terminated shall be paid over to the Borrowers or to whomsoever may be lawfully entitled to receive the same.

For this purpose, the Second Lien Collateral Agent may rely conclusively, and without further inquiry, on its own records as to the amount of Obligations outstanding to each Second Lien Secured Party and may suspend payment or seek relief in the form of interpleader or other similar relief as it may determine to be appropriate.

**6.6 Code and Other Remedies.** Subject to the Intercreditor Agreement, if an Event of Default shall occur and be continuing, the Second Lien Collateral Agent, on behalf of the Second Lien Secured Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the New York UCC or any other applicable law. Without limiting the generality of the foregoing, subject to the Intercreditor Agreement and to the fullest extent permitted by applicable law, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of any Second Lien Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Subject to the Intercreditor Agreement, any Second Lien Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Subject to the Intercreditor Agreement, each Grantor further agrees, at the Second Lien Collateral Agent's request, to assemble the Collateral and make it available to the Second Lien Collateral Agent at places which the Second Lien Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere. Subject to the Intercreditor Agreement, the Second Lien Collateral Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Second Lien Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and reasonable disbursements, to the payment in whole or in part of the Obligations, in such order as the Second Lien Collateral Agent may be required by Section 6.5 above, and only after such application and after the payment by the Second Lien Collateral Agent of any other amount required by any provision of law, including, without limitation, Section 9-615(a)(3) and (4) of the New York UCC, used the Second Lien Collateral Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against any Second Lien Secured Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by

law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

#### 6.7 Registration Rights.

(a) Each Grantor recognizes that the Second Lien Collateral Agent may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale, subject to the Intercreditor Agreement, may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Second Lien Collateral Agent shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(b) Each Grantor agrees to use its reasonable best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 6.7 valid and binding and in compliance with any and all other applicable Requirements of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.7 will cause irreparable injury to the Second Lien Secured Parties, that the Second Lien 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 6.7 shall be specifically enforceable against such Grantor, and such Grantor 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 under the Credit Agreement.

6.8 Waiver: Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the fees and disbursements of any attorneys employed by any Second Lien Secured Party to collect such deficiency.

### SECTION 7. THE SECOND LIEN COLLATERAL AGENT

7.1 Second Lien Collateral Agent's Appointment as Attorney-in-Fact, etc. (a) Each Grantor hereby irrevocably constitutes and appoints the Second Lien Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of, subject to the Intercreditor Agreement, carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing but subject to the Intercreditor Agreement, each Grantor hereby gives the Second Lien Collateral Agent the

power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

- (i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or Contract or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Second Lien Collateral Agent for the purpose of collecting any and all such moneys due under any Receivable or Contract or with respect to any other Collateral whenever payable;
- (ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Second Lien Collateral Agent may request to evidence the Second Lien Collateral Agent's security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;
- (iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;
- (iv) execute, in connection with any sale provided for in Section 6.6 or 6.7, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and
- (v) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Second Lien Collateral Agent or as the Second Lien Collateral Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Second Lien Collateral Agent may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such



Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Second Lien Collateral Agent shall in its sole discretion determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Second Lien Collateral Agent were the absolute owner thereof for all purposes, and do, at the Second Lien Collateral Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Second Lien Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the Second Lien Collateral Agent's security interest therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Second Lien Collateral Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Second Lien Collateral Agent, at its option, but without any obligation so to do, may, subject to the Intercreditor Agreement, perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Second Lien Collateral Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the rate per annum at which interest would then be payable on past due Base Rate Loans under the Credit Agreement, from the date of payment by the Second Lien Collateral Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Second Lien Collateral Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

**7.2 Duty of Second Lien Collateral Agent.** The Second Lien Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Second Lien Collateral Agent deals with similar property for its own account, subject to the Intercreditor Agreement. Neither any Second Lien Secured Party nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Second Lien Collateral Agent are solely to protect the Second Lien Collateral Agent's for the benefit of the Second Lien Secured Parties' interests in the Collateral and shall not impose any duty upon any Second Lien Secured Party to exercise any such powers. The Second Lien Secured Parties shall be accountable only for amounts that they

actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

**7.3 Execution of Financing Statements.** Pursuant to any applicable law, each Grantor authorizes the Second Lien Collateral Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Second Lien Collateral Agent determines appropriate to perfect the security interests of the Second Lien Collateral Agent under this Agreement. Each Grantor authorizes the Second Lien Collateral Agent to use the collateral description "all assets" in any such financing statements. Each Grantor hereby ratifies and authorizes the filing by the Second Lien Collateral Agent of any financing statement with respect to the Collateral made prior to the date hereof.

**7.4 Authority of Second Lien Collateral Agent.** Each Grantor acknowledges that the rights and responsibilities of the Second Lien Collateral Agent under this Agreement with respect to any action taken by the Second Lien Collateral Agent or the exercise or non-exercise by the Second Lien Collateral Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Second Lien Secured Parties, be governed by the Credit Agreement, the Intercreditor Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Second Lien Collateral Agent and the Grantors, the Second Lien Collateral Agent shall be conclusively presumed to be acting as agent for the Second Lien Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

#### SECTION 8. MISCELLANEOUS

**8.1 Amendments in Writing.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Sections 7.10 and 11.J of the Credit Agreement and Section 7 of the Intercreditor Agreement.

**8.2 Notices.** All notices, requests and demands to or upon the Second Lien Collateral Agent or any Grantor hereunder shall be effected in the manner provided for in Section 11.2 of the Credit Agreement, provided that any such notice, request or demand to or upon any Grantor shall be addressed to such Grantor at its notice address set forth on Schedule 1.

**8.3 No Waiver by Course of Conduct; Cumulative Remedies.** The Second Lien Collateral Agent shall not by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Second Lien Collateral Agent, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Second Lien Collateral Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Second Lien Collateral Agent would otherwise have on any future occasion.

The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

**8.4 Enforcement Expenses; Indemnification.** (a) Each Guarantor agrees to pay, or reimburse each Second Lien Secured Party for, all its costs and expenses incurred in collecting against such Guarantor under the guarantees contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Guarantor is a party, including, without limitation, the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Second Lien Secured Party.

(b) Each Guarantor agrees to pay, and to save the Second Lien Secured Parties harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Guarantor agrees to pay, and to save the Second Lien Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrowers would be required to do so pursuant to Section 11.5 of the Credit Agreement.

(d) The agreements in this Section 8.4 shall survive repayment of the Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents.

**8.5 Successors and Assigns.** This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Second Lien Secured Parties and their successors and assigns, provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Second Lien Collateral Agent.

**8.6 Set-Off.** Subject to the Intercreditor Agreement, each Grantor hereby irrevocably authorizes each Second Lien Secured Party at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Second Lien Secured Party to or for the credit or the account of such Grantor, or any part thereof in such amounts as such Second Lien Secured Party may elect, against and on account of the obligations and liabilities of such Grantor to such Second Lien Secured Party hereunder and claims of every nature and description of such Second Lien Secured Party against such Grantor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Document or otherwise, as such Second Lien Secured Party may elect, whether or not any

Second Lien Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. Each Second Lien Secured Party shall notify such Grantor as soon as reasonably practicable of any such set-off and the application made by such Second Lien Secured Party of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Second Lien Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Second Lien Secured Party may have.

**8.7 Counterparts.** This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

**8.8 Severability.** Any provision of this Agreement 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**8.9 Section Headings.** The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

**8.10 Integration.** This Agreement and the other Loan Documents represent the agreement of the Grantors and the Second Lien Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any Second Lien Secured Party relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

**8.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF.**

**8.12 Submission To Jurisdiction; Waivers.** Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address referred to in Section 8.2 or at such other address of which the Second Lien Collateral Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 8.12 any special, exemplary, punitive or consequential damages.

**8.13 Acknowledgements.** Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) no Second Lien Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Second Lien Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Second Lien Secured Parties or among the Grantors and the Second Lien Secured Parties.

**8.14 Additional Grantors.** Each Subsidiary of the Borrowers that is required to become a party to this Agreement pursuant to Section 7.10 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement substantially in the form of Annex 1 hereto.

**8.15 Release.** (a) At such time as the Second Lien Loans, and the other Obligations (other than Borrower Hedge Agreement Obligations) shall have been paid in full and the Second Lien Commitments have been terminated, and the Borrower Hedge Agreement Obligations shall have been cash collateralized or paid in full, the Collateral shall be automatically released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Second Lien Collateral Agent and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party; and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Second Lien Collateral Agent shall deliver to such Grantor any Collateral held by the Second Lien Collateral Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement, then the Liens created hereby

on such Collateral shall automatically terminate and the Second Lien Collateral Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. At the request and sole expense of the Borrower, a Guarantor shall be automatically released from its obligations hereunder in the event that all the Capital Stock of such Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement and any Collateral in which a Lien has been granted hereunder with respect to such Guarantor shall be automatically terminated, provided that the Borrowers shall have delivered to the Second Lien Collateral Agent, at least five Business Days prior to the date of the proposed release, a written request for release identifying the relevant Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrowers stating that such transaction is in compliance with the Credit Agreement and the other Loan Documents.

**8.16 WAIVER OF JURY TRIAL. EACH GRANTOR, THE SECOND LIEN COLLATERAL AGENT AND, BY ACCEPTANCE OF THE BENEFITS HEREOF, EACH OTHER AGENT AND EACH OTHER SECOND LIEN SECURED PARTY, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

VET SUPPLY ACQUISITION CORPORATION,  
as Grantor

By: [Signature]  
Name:  
Title:

BUTLER ANIMAL HEALTH HOLDING  
COMPANY LLC, as Grantor

By: \_\_\_\_\_  
Name:  
Title:

BUTLER ANIMAL HEALTH SUPPLY, LLC, as  
Grantor

By: \_\_\_\_\_  
Name:  
Title:

BEAR STEARNS CORPORATE LENDING INC.,  
as Second Lien Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

NY52461093

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

VET SUPPLY ACQUISITION CORPORATION,  
as Grantor

By: \_\_\_\_\_  
Name:  
Title:

BUTLER ANIMAL HEALTH HOLDING  
COMPANY LLC, as Grantor

By: W. E. McNamee  
Name:  
Title:

BUTLER ANIMAL HEALTH SUPPLY, LLC, as  
Grantor

By: W. E. McNamee  
Name:  
Title:

BEAR STEARNS CORPORATE LENDING INC.,  
as Second Lien Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

NY33241693



**IN WITNESS WHEREOF**, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

**VET SUPPLY ACQUISITION CORPORATION,**  
as Grantor

By: \_\_\_\_\_  
Name:  
Title:

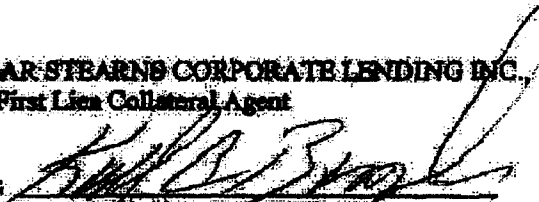
**BUTLER ANIMAL HEALTH HOLDING COMPANY LLC,** as Grantor

By: \_\_\_\_\_  
Name:  
Title:

**BUTLER ANIMAL HEALTH SUPPLY, LLC,** as Grantor

By: \_\_\_\_\_  
Name:  
Title:

**BEAR STEARNS CORPORATE LENDING INC.**  
as First Lien Collateral Agent

By:   
Name: **KEITH C. BARNISH**  
Title: **EXECUTIVE VICE PRESIDENT**

NY33647900

**ACKNOWLEDGMENT OF GRANTORS**

STATE OF New York )

COUNTY OF Kings )

On this 18 day of July, 2005 before me personally appeared John Maetta, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of VET SUPPLY ACQUISITION CORPORATION, who being by me duly sworn did depose and say that he is an authorized officer of said corporation, that the said instrument was signed on behalf of said corporation as authorized by its Board of Directors and that he acknowledged said instrument to be the free act and deed of said corporation.

Denise N. Basile

Notary Public

{seal}

DENISE N. BASILE  
Notary Public, State of New York  
No. 0184488750  
Qualified in Kings County  
Commission Expires Feb. 15, 2007

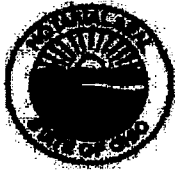
NY55461095

STATE OF OHIO )  
COUNTY OF FRANKLIN )

On this 1<sup>st</sup> day of July, 2005 before me personally appeared Jan E. Binkley, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of BUTLER ANIMAL HEALTH HOLDING COMPANY LLC, who being by me duly sworn did depose and say that he is an authorized officer of said limited liability company, that the said instrument was signed on behalf of said limited liability company as authorized by its members and that he acknowledged said instrument to be the free act and deed of said limited liability company.

Janet A. Davis  
Notary Public

{seal}



JANET A. DAVIS  
Notary Public, State of Ohio  
My Commission Expires 02-17-08

STATE OF OHIO )  
 )  
COUNTY OF FRANKLIN )

ss.

On this 1<sup>st</sup> day of July, 2005 before me personally appeared Leo E. Neelish, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of BUTLER ANIMAL HEALTH SUPPLY, LLC, who being by me duly sworn did depose and say that he is an authorized officer of said limited liability company, that the said instrument was signed on behalf of said limited liability company as authorized by its members and that he acknowledged said instrument to be the free act and deed of said limited liability company.

[Signature]  
Notary Public

(scd)



PAMELA ANN  
Notary Public, State of Ohio  
My Commission Expires 12/31/06

**Schedule 1.****Notice Addresses of Guarantors**

Butler Solutions, LLC  
c/o Butler Animal Health Supply, LLC  
5600 Blazer Parkway  
Dublin, OH 43017  
Attention: Leo E. McNeil  
Telecopy: (613) 659-1653  
Telephone: (613) 659-1652

Doc #357436817904

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**Schedule 2**

**Description of Investment Property**

**Pledged Stock:**

Pledgor	Issuer	Entity Type	# of Units Owned	Total Units Outstanding	% of Interest Pledged	ESR Rating (Indicate if unaffiliated)	Par Value
W.A. Butler	Butler Holdings	LLC			47.80%	n/a	
Butler Holdings	Butler	ELC			100%	n/a	
Butler	Butler Solutions	ELC			100%	n/a	

**Pledged Notes:**

Issuer	Notes	Principal Amount
Butler Solutions	Butler	\$1,265,000

1 47.80% of the common shares entitled to vote of Butler Holdings are held by W.A. Butler.

**Schedule 3****UCC Filings Required to Perfect Security Interests**

<b>Entity</b>	<b>Jurisdiction</b>	<b>Filing Office</b>
<b>W.A. Butler</b>	<b>Ohio</b>	<b>Secretary of State of Ohio</b>
<b>Butler Holding</b>	<b>Delaware</b>	<b>Secretary of State of Delaware</b>
<b>Butler</b>	<b>Delaware</b>	<b>Secretary of State of Delaware</b>
<b>Butler Solutions</b>	<b>Ohio</b>	<b>Secretary of State of Ohio</b>

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**Schedule 4****Jurisdiction of Organization and Location of Chief Executive Office**

<b>Name of Grantor</b>	<b>Jurisdiction of Organization</b>	<b>Address of Chief Executive Office</b>
W.A. Butler	Ohio (467635)	W.A. Butler Company 5600 Blazer Parkway Dublin, OH 43017
Butler Holding	Delaware (3947990)	c/o Butler Animal Health Supply, LLC 5600 Blazer Parkway Dublin, OH 43017
Butler	Delaware (3947992)	Butler Animal Health Supply, LLC 5600 Blazer Parkway Dublin, OH 43017
Butler Solutions	Ohio (1290656)	c/o Butler Animal Health Supply, LLC 5600 Blazer Parkway Dublin, OH 43017



## Schedule 5

Locations of Inventory and Equipment

<u>Grantor</u>	<u>Leased Premises</u>	<u>County</u>
Butler	4635 W. McDowell Road Suite 130 Phoenix, AZ	Maricopa
	26120 Eden Landing Road Suite 1 Hayward, CA	Alameda
	7940 W. Doe Avenue Suite 400 Vernalis, CA	Tulare
	Suite 100 445 SW 52 <sup>nd</sup> Avenue Ocala, FL	Marion
	Bay "A" 6395 McDonough Drive Norcross, GA	Gwinnett
	12235 S. Laramie Avenue Alsip, IL	Cook
	420 Lake Cook Road Suite 119 Deerfield, IL	Fulton
	4161 Dixon Des Moines, IA	Polk
	1693 Jaggie Fox Way Lexington, KY	Fayette
	100 United Drive Versailles, KY	Woodford
	Building 28 Northeastern Industrial Park Guilderland Center, NY	Albany
	30 Vantage Point Drive Suite 1 Cayuga, NY	Montez
	3800 Twin Creeks Drive Columbus, OH	Franklin
	Floor 2 & 3 5600 Blazer Memorial Parkway Dublin, OH	Montez
	Building B Tualatin Corporate Center 9494 SW Tualatin-Sherwood Road Tualatin, OR	Washington
	1001 Airport Drive Middletown, PA	Dauphin
	2951 & 2945 Lakeview Road Interstate Industrial Park Memphis, TN	Shelby

Doc 45474 (001792)

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<b>Grantor</b>	<b>Leased Premises</b>	<b>County</b>
	1302 Avenue F Grand Prairie, TX	Dallas
	Galaxy #2, 230 South 3600 West Unit E, G and 50% of Unit E Salt Lake City, UT	Salt Lake
	4274 Stanchford Road, Suite C Norcross, GA 30093	Gwinnet
	950 Lind Avenue Eli. Grove Village, IL 60007	Cook
	500 Redland Court Suites 200-202 Owings Mills, MD 21117	Baltimore
	635 North Pike Avenue, First Floor (including mezzanine) St. Paul, MN 55104	Ramsey
	1900 Diplomat Drive Fairfax Branch, TX 75234	Dallas
	6501 South Laburnum Ave. Sandston, VA 23150	Henrich
	3801 NE 109 <sup>th</sup> Avenue, Suite H Vancouver, WA 98682	Clark
	Darby Dental Supply Co., Inc. 3890 Park Central Blvd. N. Pompano Beach, FL 33064	Broward
	Darby Group Companies, Inc. 4745 Longley Lane Reno, NV 89502	Washoe
	Darby Group Companies, Inc. 4460 Holmes Road Memphis, TN 38118	Shelby
	Darby Group Companies, Inc. Northern Industrial Park Building 27 - Van Buren Blvd. Guilderland Center, NY 12085-0099	

Doc #200510017934

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**Schedule 6****Intellectual Property****I. Copyrights:****A. W.A. Butler**

None.

**B. Butler Holding**

None.

**C. Butler**

<u>Date of Publication</u>	<u>Marketing/Sales Publication</u>	<u>Registration Number</u>	<u>Publication Date</u>
	<i>Comparison animal diseases: Comparison animal vaccines / produced and directed by John R. Gaudion</i>	Pat 1-036-504	
	<i>Anesthesia - Smith Kline diagnostic Federal guidelines, controlled substances</i>	Pat 1-036-506	
	<i>hazardous material / produced by John R. Gaudion</i>	Pat 1-118-728	
	<i>Basic concepts of computer operation and introduction to the IBM System 36</i>	Pat 1-119-643	
	<i>Kirchner Instruments, endoscopy, Jena Microscope, Maligna scaler</i>	Pat 1-130-729	
	<i>Butler Company Dabbling tape series: sept. 22, 6</i>	Pat 1-172-698	
	<i>Cattle diseases and vaccines</i>	Pat 1-177-176	
	<i>Proper packaging procedures</i>	Pat 1-195-273	
	<i>Booking programs, simplicity analysis</i>	Pat 1-230-525	
	<i>Welch Allyn products</i>	Pat 1-253-269	
	<i>Federal regulations for</i>	Pat 1-314-627	

<b>Date of Publication</b>	<b>Marketing/Sales Publication</b>	<b>Registration Number</b>	<b>Publication Date</b>
	<i>The Butler Company initial stock order book</i>	TX 1-592-045	
	<i>Industry biological cross reference compiled in 1983 by Butler management personnel</i>	TX 1-602-065	
	<i>Biological product identification: the new biological descriptions and the microfiche or: How to make friends with your fiche</i>	TX 1-639-298	
	<i>Industry biological cross reference compiled in 1984 by Butler management personnel</i>	TX 2-161-242	
	<i>Biologicals: home study/correspondence continuing education course: Sept. 1993</i>	TX 375-883	
	<i>The Butler Company serving the veterinary profession for 40 years (Stephen A. Hill, Jr.)</i>	TX 3-951-401	
	<i>Pharmaceuticals: home study/correspondence continuing education course: quarter 1</i>	TX 4-011-842	
	<i>Biologicals: home study correspondence continuing education course: quarter 2, lesson 5</i>	TX 4-011-843	
	<i>Home study/correspondence continuing education course: quarter 2, lesson 4</i>	TX 4-105-456	
	<i>Home study/correspondence continuing education course: quarter 1, lesson 3</i>	TX 4-105-457	
	<i>Intravenous care manual</i>	TX 455-128	
	<i>Hazardous materials training: training to comply with regulations for HMI-181</i>	TX 3-758-934	02/10/1994
Feb-94		TX 4-407-910	1/6/1997
Jan-97	<i>Butler Review</i>		

<u>Date of Publication</u>	<u>Marketing/Sales Publication</u>	<u>Registration Number</u>	<u>Publication Date</u>
Feb-97	<i>Builer Review</i>	TX 4-451-528	3/11/1997
Mar-97	<i>Builer Review</i>	TX 4-451-530	3/14/1997
Apr-97	<i>Builer Review</i>	TX 4-458-951	4/4/1997
May-97	<i>Builer Review</i>	TX 4-510-002	4/30/1997
Jun-97	<i>Builer Review</i>	TX 4-515-944	5/27/1997
Jul-97	<i>Builer Review</i>	TX 4-513-385	7/15/1997
Aug-97	<i>Builer Review</i>	TX 4-527-246	8/7/1997
Sep-97	<i>Builer Review</i>	TX 4-534-982	9/9/1997
Oct-97	<i>Builer Review</i>	TX 4-563-754	10/6/1997
Nov-97	<i>Builer Review</i>	TX 4-579-723	11/12/1997
Dec-97	<i>Builer Review</i>	TX 4-612-190	12/9/1997
Jan-98	<i>Builer Review</i>	TX 4-612-209	1/16/1998
Feb-98	<i>Builer Review</i>	TX 4-616-568	2/2/1998
Mar-98	<i>Builer Review</i>	TX 4-644-325	3/9/1998
Apr-98	<i>Builer Review</i>	TX 4-694-733	4/30/1998
May-98	<i>Builer Review</i>	TX 4-692-271	5/1/1998
Jul-98	<i>Builer Review</i>	TX 4-733-473	6/30/1998
Jun-98	<i>Builer Review</i>	TX 4-711-987	7/6/1998
Aug-98	<i>Builer Review</i>	TX 4-766-205	8/6/1998
Sep-98	<i>Builer Review</i>	TX 4-771-071	9/14/1998
Oct-98	<i>Builer Review</i>	TX 4-790-853	10/13/1998
Nov-98	<i>Builer Review</i>	TX 4-687-011	12/1/1998
Dec-98	<i>Builer Review</i>	TX 4-724-882	12/28/1998
Jan-99	<i>Builer Review</i>	TX 4-822-617	1/21/1999
Feb-99	<i>Builer Review</i>	TX 4-841-062	2/1/1999
Mar-99	<i>Builer Review</i>	TX 4-858-722	3/10/1999
Apr-99	<i>Builer Review</i>	TX 4-895-882	4/27/1999
May-99	<i>Builer Review</i>	TX 4-912-987	5/19/1999
Jun-99	<i>Builer Review</i>	TX 4-929-617	6/14/1999
Aug-99	<i>Builer Review</i>	Copyright not confirmed	8/0/99
Jul-99	<i>Builer Review</i>	TX 5-072-898	9/7/1999
Oct-99	<i>Builer Review</i>	TX 4-995-067	10/5/1999
Sep-99	<i>Builer Review</i>	TX 5-072-775	10/14/1999
Nov-99	<i>Builer Review</i>	Copyright not confirmed	11/0/99
Dec-99	<i>Builer Review</i>	TX 5-033-268	12/6/1999
Jan-00	(No Issue)		1/0/00
Feb-00	<i>Builer Review</i>	TX 5-058-130	2/2/2000
Mar-00	<i>Builer Review</i>	TX 5-056-336	3/7/2000
Apr-00	<i>Builer Review</i>	Copyright not confirmed	4/0/00
May-00	<i>Builer Review</i>	TX 5-094-931	5/8/2000
Jun-00	<i>Builer Review</i>	TX 5-103-738	6/6/2000
Jul-00	<i>Builer Review</i>	TX 5-131-442	7/13/2000
Aug-00	<i>Builer Review</i>	TX 5-149-687	8/10/2000
Sep-00	<i>Builer Review</i>	TX 5-164-343	9/6/2000
Oct-00	<i>Builer Review</i>	TX 5-182-309	10/3/2000
3rd Edition Catalog	Catalog	TX 5-202-132	10/23/2000
3rd Edition CD-ROM	Catalog CD-ROM	TX 5-202-314	10/23/2000

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<u>Date of Publication</u>	<u>Marketing/Sales Publication</u>	<u>Registration Number</u>	<u>Publication Date</u>
Nov-00	<i>Bulet Review</i> A Written Plan to Comply with Controlled Substances Regulations	TX 3-203-655	10/23/2000
Nov-00	<i>Bulet Review</i>	TX 5-235-880	11/21/2000
Dec-00	<i>Bulet Review</i>	TX 5-209-147	12/03/2000
Jan-01	<i>Bulet Review</i>	TX 5-247-973	1/17/2001
Feb-01	<i>Bulet Review</i>	TX 5-313-957	2/09/2001
Mar-01	<i>Bulet Review</i>	TX 5-295-462	3/07/2001
Apr-01	<i>Bulet Review</i>	TX 5-312-512	4/5/2001
May-01	<i>Bulet Review</i>	TX 5-303-227	5/07/2001
Jun-01	<i>Bulet Review</i>	TX 5-344-003	06/02/2001
Jul-01	<i>Bulet Review</i>	TX 5-362-614	7/9/2001
Aug-01	<i>Bulet Review</i>	TX 5-389-644	8/6/2001
Aug-01	<i>Equine Review</i>	TX 5-399-645	8/6/2001
Aug-01	Material Safety Data Sheets, OSHA Hazard Communication Preparing a Written Plan, OSHA Hazard Communication	TX 5-419-167	08/24/2001
Aug-01	Hazard Warning Labels, OSHA Hazard Communication	TX 5-419-168	08/24/2001
Aug-01	Preparing a List of Hazardous Chemicals, OSHA Hazard Communication	TX 5-419-169	08/24/2001
Aug-01	OSHA Hazard Communication	TX 5-419-170	08/24/2001
Sep-01	<i>Bulet Review</i>	TX 5-416-585	9/07/2001
Sep-01	<i>Equine Review</i>	TX 5-416-586	9/07/2001
Sep-01	OSHA Hazard Communication Standard Employee Information and Training, OSHA Hazard Communication	TX 5-408-848	09/17/2001
Sep-01	<i>Bulet Review</i>	TX 5-421-069	10/09/2001
Oct-01	<i>Equine Review</i>	TX 5-421-070	10/09/2001
Nov-01	<i>Bulet Review</i>	TX 5-550-041	11/08/2001
Nov-01	<i>Equine Review</i>	TX 5-550-042	11/08/2001
Dec-01	<i>Equine Review</i>	TX 5-489-902	12/18/2001
Dec-01	<i>Bulet Review</i>	TX 5-489-910	12/10/2001
Jan-02	<i>Bulet Review</i>	TX 5-571-517	1/09/2002
Jan-02	<i>Equine Review</i>	TX 5-571-518	1/09/2002
Feb-02	<i>Equine Review</i>	TX 5-522-440	2/08/2002
Feb-02	<i>Bulet Review</i>	TX 5-522-441	2/08/2002
Mar-02	<i>Bulet Review</i>	TX 5-587-181	3/08/2002
Mar-02	<i>Equine Review</i>	TX 5-587-363	3/08/2002
Apr-02	<i>Bulet Review</i>	TX 5-593-896	4/08/2002
Apr-02	<i>Equine Review</i>	TX 5-682-058	4/08/2002
May-02	<i>Bulet Review</i>	TX 5-641-943	5/08/2002

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<u>Date of Publication</u>	<u>Marketing/Sales Publication</u>	<u>Registration Number</u>	<u>Publication Date</u>
May-02	<i>Equine Review</i>	TX 5-681-259	5/6/2002
Jun-02	<i>Equine Review</i>	TX 5-675-578	6/10/2002
Jul-02	<i>Butler Review</i>	TX 5-711-688	7/1/2002
Aug-02	<i>Butler Review</i>	TX 5-626-761	8/8/2002
Sep-02	<i>Butler Review</i>	TX 5-652-249	9/11/2002
Oct-02	<i>Butler Review</i>	TX 5-719-696	10/21/2002
Nov-02	<i>Butler Review</i>	TX 5-763-902	12/26/2002
Jan-03	<i>Butler Review</i>	TX 5-692-849	1/13/2003
Feb-03	<i>Butler Review</i>	TX 5-705-726	2/14/2003
	<i>Controlled substance update and computerized record keeping</i>		
Feb-03	<i>List chemicals</i>	TX 5-997-872	2/19/2003
Feb-03	<i>Butler Review</i>	TX 5-997-985	2/19/2003
Dec-02	<i>List Chemical</i>	TX 5-791-343	2/26/2003
Feb-03	<i>Butler Review</i>	TX 5-997-983	03/27/2003
Apr-03	<i>Butler Review</i>	TX 5-713-346	4/9/2003
May-03	<i>Butler Review</i>	TX 5-711-726	5/9/2003
Jan-03	<i>Butler Review</i>	TX 5-797-827	6/18/2003
Jul-03	<i>Butler Review</i>	TX 5-767-323	7/11/2003
Jul-03	<i>Equine Review</i>	TX 5-809-057	8/8/2003
Sep-03	<i>Butler Review</i>	TX 5-820-525	9/10/2003
Oct-03	<i>Butler Review</i>	TX 5-859-264	10/17/2003
Oct-03	<i>Equipment Review</i>	TX 5-863-869	10/23/2003
Nov-03	<i>Butler Review</i>	TX 5-863-455	11/12/2003
Nov-03	<i>Equine Review</i>	TX 5-862-775	11/21/2003
Dec-04	<i>Equine Review</i>	TX 5-791-399	2/26/2004
Mar-03	<i>Butler Review</i>	TX 5-728-492	3/14/2004
Aug-03	<i>Butler Review</i>	TX 5-809-055	8/13/2004

## II. Patents:

### A. W.A. Butler

None.

### B. Butler Holding

None.

### C. Butler

None.

### D. Butler Solutions

Doc #HY61001784

None.

**III. Trademarks:****A. W.A. Butler**

None.

**B. Butler Holding**

None.

**C. Butler**

Trademark	Application Serial No.	Registration Number	Registration Date	Product Classes
Butler, B+ Design	215,270	1,304,239	8/10/1982	Biologicals, pharmaceuticals
Butler	315,271	1,304,240	8/10/1982	Biologicals, pharmaceuticals
Butler, B+ Design	315,090	1,344,916	7/12/1983	Class 1, Class 3, Class 5
B+ Design	315,121	1,346,697	8/2/1983	Class 1, Class 3, Class 5
Butler	315,107	1,344,917	7/12/1983	Class 1, Class 3, Class 5
AccessButler.com	78/176,766	2,711,874	4/29/2003	Computerized on-line information in the field of veterinary products
DOXYBIOTIC	75/079,602	2,181,712	8/18/1998	Oxytetracycline for cattle
PHARMLINK	78/198,414	2,664,252	12/17/2002	Delivery of animal health products to farms for sale
BOVADERM	74/571,807	1,959,404	2/27/1996	Cream treatment for cattle with dry or cracked skin
PARID EQ	76/479,310	2,791,945	12/16/2003	Liquid and paste oral worm treatment for horses
BVS		2,193,956	10/17/2000	
CLINCAPS		2,500,577	12/30/2003	
CLINDROPS		2,400,411	10/31/2000	
VETUS ANIMAL HEALTH		2,467,281	7/10/2001	
VETUS FELLAX		2,902,366	11/9/2004	
VETUS FELTONE-T		2,908,367	11/9/2004	
MEGA-O.R. CAPS	78/401,121	2,943,942	4/26/2005	
MEGA-O.E.S. CAPS.	78/401,139	2,943,943	4/26/2005	
FRAZURCT	78/175,590	2,442,901	4/15/2003	
FRAZITABS	78/278,872	2,537,011	3/29/2005	
CARPROFLEX TABLETS**	78/453,096	Applied For	6/10/2004*	NSAID for arthritis and post surgical pain in companion animals

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Trademark	Application Serial No.	Registration Number	Registration Date	Product Classes
VETAMECTIN EQUINE ORAL SOLUTION	78511,295		11/4/2004*	
VETAMECTIN-CS INJECTABLE	78511,383		11/4/2004*	
VETUS ANTI-OX TABS	78324,331		3/12/2003**	
VETUS MAGIC CARPET STAIN REMOVER**	78320,948		10/30/2003*	
VETUS SUPPLI-CAL**	78320,341		10/30/2003**	

\* Filing date for application.

\*\* [ITU - no security interest granted until amendment or statement of use]

**D. Buffer Solutions**

Trademark	Application Serial No.	Registration Number	Registration Date	Product Classes
DVM Manager	76502,060		3/26/2003	Computer Software Programs in Vet Practice Mgmt.
	Canadian Trademark Applied For			
	European Community Trademark Applied For			

"DVM Manager" has been registered as an assumed name by the Subsidiary with the Secretary of the Commonwealth of the Commonwealth of Kentucky.

**Schedule 7****Contracts****A. W.A. Butler**

None.

**B. Butler Holding**

None.

**C. Butler**

1. (i) IDEXX Laboratories, Inc. – IDEXX Distribution Agreement between W.A. Butler Company and the Professional Office Diagnostics Division of IDEXX Laboratories, Inc. effective January 1, 2001.  
(ii) IDEXX Laboratories, Inc. – Agency Agreement between W.A. Butler Company and IDEXX Laboratories, Inc. dated November 30, 2003.
2. Schering-Plough Animal Health – Supply and Distribution Agreement between W.A. Butler Company and Schering-Plough Animal Health, dated January 1, 1998 with Addendums.
3. (i) Abbott Laboratories, Inc. – Distributor Full Line Supply Contract between W.A. Butler Company and Abbott Laboratories, Inc. dated June 11, 2003 and effective January 1, 2003, terminating December 31, 2005.  
(ii) Abbott Animal Health – Rebate Agreement for select products dated July 16, 2004 through December 31, 2004 and amended through June 30, 2005.  
(iii) Abbott Laboratories, Inc. – VCA Chargeback Agreement [undated].
4. (i) Novartis Animal Health U.S., Inc. – Distribution Agreement between W.A. Butler Company and Novartis Animal Health effective the 1<sup>st</sup> day of January 2004 through December 31, 2005 for purchases of Biological Products (as defined therein).  
(ii) Novartis Animal Health U.S., Inc. – Distribution Agreement between W.A. Butler Company and Novartis Animal Health effective the 1<sup>st</sup> day of January 2004 through December 31, 2005 for purchases of Suture Products (as defined therein).

5. **DVM Pharmaceuticals, Inc. – Distribution Agreement between W.A. Butler Company and DVM Pharmaceuticals, Inc. effective January 1, 1996 and amended yearly.**
6. **Virbac Animal Health – Distribution Agreement between W.A. Butler Company and Virbac Corporation effective the 23<sup>rd</sup> day of June 2003 through December 31, 2003.**
7. **Boehringer Ingelheim – Preferred Distributor Partner Agreement between W.A. Butler Company and Boehringer Ingelheim Vetmedica, Inc. (BIVI) for BIVI products effective January 1, 2004 through December 31, 2004 with Amendment.**
8. **Veterinary Products Laboratories – VPL Full Line Distributor Agreement between W.A. Butler Company and Veterinary Products Laboratories, a division of Farnam Companies, Inc. effective the 1<sup>st</sup> day of January, 2005 through December 31, 2005.**
9. **Royal Canin USA – Consent to assignment of the Innovative Veterinary Diets sales agency agreement effective in 2004.**
10. **VCA Antech Letter of Understanding with Preferred Distributor between W.A. Butler Company and VCA Antech and executed by W.A. Butler Company on May 24, 2004.**
11. **Accell Vet, Inc. – U.S. Distributor Agreement between W.A. Butler Company and Accell Vet, Inc. dated April 24, 2004.**
12. **Baxter Healthcare Corporation – Veterinary Distributor Agreement between W.A. Butler Company and Baxter Healthcare Corporation dated as of January 1, 2003.**
13. **Ultrasource, Inc. – Representative Agreement between W.A. Butler Company and Ultrasource, Inc. dated October 17, 2003.**
14. (i) **Fort Dodge Animal Health Ethical Distribution Agreement dated as of January 1, 2004; and Amendment dated July 7, 2004.**  
 (ii) **Fort Dodge Animal Health Sales Agency Agreement dated as of January 1, 2004.**
15. (i) **Idetx Laboratories, Inc. Distribution Agreement dated as of January 1, 2001.**  
 (ii) **Idetx Laboratories, Inc. Agency Agreement dated as of November 20, 2003.**
16. (i) **Albion Laboratories, Inc. Isothesia Private Label Agreement dated December 4, 2003.**

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- (ii) **Abbott Laboratories, Inc. Large Volume Solutions Conversion Program dated June 21, 2004.**
17. **Bioehringer Ingelheim Vetmedica, Inc. Preferred Distributor Partner Agreement dated as of January 1, 2005.**
  18. **Anda, Inc. - Pharmaceuticals Purchasing Agreement between Burns Veterinary Supply, Inc. and Anda, Inc. dated as of January 1, 2001.**
  19. **Hecla Corporation - Distribution Agreement between Burns Veterinary Supply, Inc. and Hecla Corporation dated as of November 1, 2001.**
  20. **Miltex Instrument Company, Inc. - Distributor Agreement between Burns Veterinary Supply, Inc. and Miltex Instrument Company, Inc. dated November 10, 1997.**
  21. **Nikon Instruments, Inc. - Bioscience Veterinary Office Dealer Agreement between Burns Veterinary Supply, Inc. and Nikon Instruments, Inc. dated April 6, 2004.**
  22. **Welch Allyn - Distributor Agreement between Burns Veterinary Supply, Inc. and Welch Allyn dated as of January 1, 2004.**
  23. **Merial Limited - Independent Sales Agency Agreement between Butler Animal Health Supply, LLC and Merial Limited dated June 24, 2005.**
  24. **Intervet - Distributor Agreement between Butler Animal Health Supply, LLC and Intervet dated June \_\_, 2005.**
  25. **Phoenix Scientific, Inc. - Rebate Program between Butler Animal Health Supply, LLC and Phoenix Scientific, Inc. dated June 13, 2005.**

**D. Butler Solutions**

None.

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**ASSUMPTION AGREEMENT**, dated as of July 1, 2005, made by BUTLER SOLUTIONS, LLC a Delaware limited liability company (the "Additional Grantor"), in favor of BEAR STEARNS CORPORATE LENDING INC., as Second Lien Collateral Agent (in such capacity, the "Second Lien Collateral Agent") for the banks and other financial institutions (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in the Second Lien Guarantee and Collateral Agreement.

**WITNESSETH:**

WHEREAS, Vet Supply Acquisition Corporation, a Delaware corporation ("Vet Supply"), Butler Animal Health Holding Company, LLC, a Delaware limited liability company ("Holdings"), Butler Animal Health Supply, LLC, a Delaware limited liability company ("Butler"), and collectively with Vet Supply and Holdings, the "Borrowers"), the Lenders, certain other parties thereto and the Second Lien Collateral Agent have entered into a Credit Agreement, dated as of July 1, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Borrowers and certain of its Affiliates (other than the Additional Grantor) have entered into the Second Guarantee and Collateral Agreement, dated as of July 1, 2005 (as amended, supplemented or otherwise modified from time to time, the "Second Lien Guarantee and Collateral Agreement") in favor of the Second Lien Collateral Agent for the benefit of the Second Lien Lenders;

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Second Lien Guarantee and Collateral Agreement; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Second Lien Guarantee and Collateral Agreement;

**NOW, THEREFORE, IT IS AGREED:**

1. **Second Lien Guarantee and Collateral Agreement.** By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.15 of the Second Lien Guarantee and Collateral Agreement, hereby becomes a party to the Second Lien Guarantee and Collateral Agreement as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder. In furtherance of the foregoing, the Additional Pledgor, as security for the payment and performance in full of the Obligations, does (x) hereby create and grant to the Second Lien Collateral Agent, its successors and assigns, for the benefit of the Second Lien Collateral Agent and the Second Lien Lenders a security interest in all of the Additional Pledgor's right, title and interest in and to the Collateral of the Additional Pledgor and (y) jointly and severally with the other Grantors, unconditionally and irrevocably guarantees the prompt and complete payment and performance by the Borrowers when due (whether at the stated maturity by acceleration or otherwise) of the Borrower Obligations. Each reference to a "Subsidiary", a "Grantor" or a "Guarantor" in the

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Second Lien Guarantee and Collateral Agreement shall be deemed to include the Additional Pledgor. The information set forth in Annex 1-A hereto is hereby added to the information set forth in Schedules 1, 2, 3, 4 and 6 to the Second Lien Guarantee and Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 4 of the Second Lien Guarantee and Collateral Agreement applicable to it is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date:

**2. Intercreditor Agreement.** By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 10.11 of the Intercreditor Agreement, hereby becomes a party to the Intercreditor Agreement with the same force and effect as if originally named therein as a party thereto and, without limiting the foregoing, hereby assumes all obligations and liabilities of a party applicable to it as a Group Member thereunder.

**3. GOVERNING LAW. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW PROVISIONS THEREOF.**

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**IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.**

**BUTLER SOLUTIONS, LLC**

By: *James M. Nolan*  
Name:  
Title:

**N970461384**